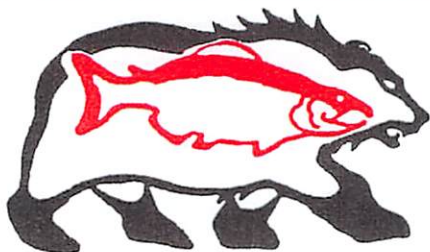




Lhtako Dene Nation
Consolidated Financial Statements
For the year ended March 31, 2019

Lhtako Dene Nation
Consolidated Financial Statements
For the year ended March 31, 2019

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Lhtako Dene Nation are the responsibility of management and have been approved by the Chief and Band Council.

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

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

The Lhtako Dene Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council carries out this responsibility principally through the chief and council.

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

The consolidated financial statements have been audited by FBB Chartered Professional Accountants LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. FBB Chartered Professional Accountants LLP has full access to the Band Council.



Chief



Band Administrator

INDEPENDENT AUDITOR'S REPORT

To Chief and Council
Lhtako Dene Nation

Opinion

We have audited the consolidated financial statements of the Lhtako Dene Nation, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Lhtako Dene Nation as at March 31, 2019, and its financial performance and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the First Nation in accordance with 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 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 financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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



CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Ryan Broughton, CPA, CA*
Partner

Dawn C. Fraser, ACIA
Senior Manager

*Denotes incorporated professional

INDEPENDENT AUDITOR'S REPORT (continued)

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 judgement 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 First Nation to cease to continue as a going concern.

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.

*FBB Chartered Professional
Accountants LLP*

FBB Chartered Professional Accountants LLP

July 30, 2019
Quesnel, British Columbia

Lhtako Dene Nation
Exhibit A - Consolidated Statement of Financial Position

As at March 31	2019	2018
Financial Assets		
Cash (Note 2)	\$ 4,547	\$ 388,981
Restricted cash (Note 3)	1,138,068	1,162,368
Accounts receivable (Note 4)	783,576	654,046
Short-term investments (Note 5)	168,000	168,000
Investments (Note 6)	276,979	276,979
Investments in Government Business Enterprises (Note 7)	(235,522)	34,002
Advances to related Nation entities and departments	1,086,637	746,246
	<u>3,222,285</u>	<u>3,430,622</u>
Liabilities		
Accounts payable (Note 9)	307,541	430,331
Deferred revenue (Note 10)	107,541	84,941
Long term debt (Note 11)	1,651,889	812,950
	<u>2,066,971</u>	<u>1,328,222</u>
Net Financial Assets	<u>1,155,314</u>	<u>2,102,400</u>
Non-financial Assets		
Tangible capital assets (Note 8)	4,499,665	3,198,827
Prepaid expenses	58,333	16,569
	<u>4,557,998</u>	<u>3,215,396</u>
Accumulated surplus (Note 12)	<u>\$ 5,713,312</u>	<u>\$ 5,317,796</u>
Contingencies (Note 16)		

Approved on behalf of the Band Council:

_____ Chief

_____ Councilor

Lhtako Dene Nation

Exhibit B - Consolidated Statement of Change in Net Financial Assets

March 31	2019	2018
Annual surplus	\$ 42,582	\$ 434,365
Acquisition of tangible capital assets	(1,230,477)	(6,000)
Amortization of tangible capital assets	177,472	156,735
	<u>(1,010,423)</u>	<u>585,100</u>
Change in prepaid expenses	(41,764)	2,555
Equity change in Ottawa Trust	57,422	62,486
Equity change in reserves	47,679	(38,904)
	<u>63,337</u>	<u>26,137</u>
Net change in net financial assets	(947,086)	611,237
Net financial assets, beginning of year	2,102,400	1,491,163
Net financial assets, end of year	\$ 1,155,314	\$ 2,102,400

Lhtako Dene Nation
Exhibit C - Consolidated Statement of Operations

March 31	2019	2018
Revenue		
Indigenous Services Canada	\$ 892,532	\$ 1,056,348
First Nations Health Authority	317,692	327,653
Department of Fisheries and Oceans	10,000	6,335
Canada Mortgage and Housing Corporation	927,590	119,980
Canada Mortgage and Housing Corporation Subsidies	15,771	17,146
Province of BC	771,257	674,257
Northern Interior Health	-	3,200
Cariboo Chilcotin Tribal Council	7,220	6,860
Cariboo Chilcotin Aboriginal Training & Employment	34,238	45,071
First Nations Education Steering Committee	2,780	12,014
Rents	81,460	96,337
Interest	1,593	1,144
Other Revenue	538,739	747,525
New Relationship Trust	4,500	25,000
	3,605,372	3,138,870
Expenses		
Community Wellness	392,077	486,014
Administration	1,105,682	1,066,765
Operations & Maintenance	91,450	103,670
Education	118,145	112,966
Natural Resources & Economic Development	434,451	322,826
Capital	1,147,871	303,808
Housing	273,114	308,456
	3,562,790	2,704,505
Surplus for the year	\$ 42,582	\$ 434,365

Lhtako Dene Nation
Exhibit D - Consolidated Statement of Cash Flows

March 31	2019	2018
Operating activities		
Cash received from funding agreements and contracts	\$ 3,816,113	\$ 2,850,463
Cash paid to suppliers and employees	(3,553,004)	(2,645,183)
Cash flows from operating activities	263,109	205,280
Financing activities		
Increase in long term debt	836,793	353,073
Inter-company transfer	(340,391)	(746,246)
Cash flows from (used in) financing activities	496,402	(393,173)
Capital activities		
Purchase of capital assets	(1,437,769)	(6,000)
Cash flows used in capital activities	(1,437,769)	(6,000)
Investing activities		
Loss on investments	269,524	162,774
Cash flows from investing activities	269,524	162,774
Decrease in cash and cash equivalents	(408,734)	(31,119)
Cash and cash equivalents, beginning of year	1,551,349	1,582,468
Cash and cash equivalents, end of year	\$ 1,142,615	\$ 1,551,349
Represented by:		
Cash	\$ 4,547	\$ 388,981
Restricted cash	1,138,068	1,162,368
Cash and cash equivalents, end of year	\$ 1,142,615	\$ 1,551,349

Lhtako Dene Nation

Summary of Significant Accounting Policies

March 31, 2019

Basis of Presentation These consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards for government entities, as defined in the CPA Canada Public Sector Accounting Handbook, which encompasses the following principles.

**Reporting Entity and
Principles of Financial
Reporting**

The Lhtako Dene Nation reporting entity includes the Lhtako Dene Nation government and all related entities which are accountable to the Lhtako Dene Nation and are either owned or controlled by the Lhtako Dene Nation.

These consolidated financial statements consolidate the assets, liabilities and results of operations for the following non-incorporated entities: Lhtako Dene Nation Housing Management.

Inter-entity balances have been eliminated on consolidation.

Incorporated business entities, which are owned or controlled by the Lhtako Dene Nation and which are not dependent on the band for their continuing operations, are included in the consolidated financial statements using the modified equity method. These include: Red Bluff Development Corporation, RBDC Trucking Ltd. and Lhtako Gas and Convenience Ltd.

Revenue Recognition Government grants and transfers, which include Funding arrangements, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, provided the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. When the eligibility criteria are not met, transfers received are reflected as deferred revenue in the year of receipt and classified as such on the Consolidated Statement of Financial Position.

Rental revenue is recognized when a tenant commences occupancy and rent is due. Lhtako Dene Nation retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

Other revenue is recognized in the period in which the events that give rise to the revenue occurs.

Lhtako Dene Nation Summary of Significant Accounting Policies

March 31, 2019

Ottawa Trust Funds Lhtako Dene Nation uses the accrual method of accounting for Ottawa Trust Fund revenues earned. Trust monies held by the Federal Government are recognized as revenue of the Lhtako Dene Nation upon withdrawal from Ottawa Trust Fund, and the criteria for the withdrawal are met.

Investments The Lhtako Dene Nation accounts for its investments in Red Bullf Developments Ltd, RBDC Trucking Ltd. and Lhtako Gas and Convenience Ltd. using the modified equity method. Under this method the cost of the investments are adjusted by earnings or losses of the entities from the date of acquisition. Any losses in excess of equity invested are not recorded. In such circumstances, no income inclusion would be recorded until these unrecognized losses have been eliminated.

Inter-entity balances and transactions are not eliminated under the modified equity method.

Other investments are recorded on the cost basis.

Tangible Capital Assets Tangible capital assets are stated at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital 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 assets over their expected useful lives on the following bases:

Automotive equipment	30% - straight-line basis
Buildings	5% - straight-line basis
Equipment	30% - declining balance basis
Land improvements	5% - straight-line basis
Computers	33% - straight-line basis

Additions during the year have been amortized at one-half the above annual rates.

Social Housing Fund assets acquired under CMHC subsidized housing programs are amortized at a rate equivalent to the annual principal reduction in the related long-term debt, as required for CMHC reporting purposes.

Lhtako Dene Nation

Summary of Significant Accounting Policies

March 31, 2019

Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosure at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could be different from those estimates.

Pension Plan

The Lhtako Dene Nation contributes to a private defined contribution pension plan. Total contributions to the plan during the year-ended March 31, 2019 were \$49,288 (2018 - \$49,173).

Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. No provision is made with respect to lands held in trust for the Nation by the Government of Canada as any remediation and funding thereof is expected to be the responsibility of the Government of Canada.

Lhtako Dene Nation
Notes to Consolidated Financial Statements

March 31, 2019

1. Economic Dependence

The Lhtako Dene Nation receives a significant portion of its revenue pursuant to a funding arrangement with Indigenous Services Canada ("ISC").

2. Cash

	<u>2019</u>	<u>2018</u>
Operations	<u>\$ 4,547</u>	<u>\$ 388,981</u>

Included in cash is \$20,715 (2018 - \$20,715) held in trust for Lhtako Dene by a third party.

The Lhtako Dene Nation has a business operating line of credit that is secured by a general security agreement. The authorized credit limit is \$100,000, at a rate of prime plus 0.5%. As of March 31, 2019, the Nation had not drawn on this facility.

3. Restricted Cash

	<u>2019</u>	<u>2018</u>
Ottawa Trust Funds	<u>\$ 975,719</u>	<u>\$ 918,297</u>
Replacement Reserve - CMHC	<u>47,246</u>	<u>128,968</u>
Silviculture deposits	<u>115,103</u>	<u>115,103</u>
	<u>\$ 1,138,068</u>	<u>\$ 1,162,368</u>

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. These funds are restricted in their use. The Lhtako Dene Nation is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Lhtako Dene Nation and its members. The expenditure of capital funds requires the consent of ISC and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

Lhtako Dene Nation
Notes to Consolidated Financial Statements

March 31, 2019

3. Restricted Cash (continued)

The Housing restricted cash is derived under the terms of the agreements with Canada Mortgage and Housing Corporation ("CMHC"), these accounts are to be credited 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.

4. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	<u>2019</u>	<u>2018</u>
Trade accounts receivable	\$ 686,150	\$ 593,223
Members receivable	33,973	36,718
Rents receivable	63,453	24,105
Due from Craig Buchan	177,738	177,738
Allowance for doubtful accounts	(177,738)	(177,738)
Due from Geronimo Squinas	64,186	64,186
Allowance for doubtful accounts	(64,186)	(64,186)
	<u>\$ 783,576</u>	<u>\$ 654,046</u>

5. Marketable securities

	<u>2019</u>	<u>2018</u>
Marketable securities	<u>\$ 168,000</u>	<u>\$ 168,000</u>

Marketable securities are shares held in a public company. As at March 31, 2019 the shares have a fair market value of \$148,000 (2018 - \$248,000)

6. Portfolio Investments

	<u>2019</u>	<u>2018</u>
Castle Mountain - 2.5% interest	\$ 266,979	\$ 266,979
Dene Developments	10,000	10,000
	<u>\$ 276,979</u>	<u>\$ 276,979</u>

Lhtako Dene Nation
Notes to Consolidated Financial Statements

March 31, 2019

7. Investments in Government Business Enterprises

	<u>2019</u>	<u>2018</u>
Red Bluff Developments	\$ (72,447)	\$ 185,665
RBDC Trucking LLP	(455,993)	(161,570)
Lhtako Gas and Convenience	<u>292,918</u>	<u>9,907</u>
	<u>\$ (235,522)</u>	<u>\$ 34,002</u>

Summary of the audited financial statements for the year ended March 31, 2019 is as follows:

	<u>2019</u>	<u>2018</u>
Balance Sheet		
Current assets	\$ 676,670	\$ 1,353,340
Capital assets	969,569	1,939,138
	<u>\$ 1,646,239</u>	<u>\$ 3,292,478</u>
Current liabilities	\$ 778,075	\$ 1,556,150
Shareholders' loan	1,313,735	2,627,470
Share capital	1,000	2,000
Equity	(446,572)	(893,144)
	<u>\$ 1,646,238</u>	<u>\$ 3,292,476</u>
Statement of Operations		
Revenue	\$ 2,878,403	\$ 5,756,806
Cost of sales	1,758,938	3,517,876
Expenses	1,309,129	2,618,258
Net Loss	(189,664)	(379,328)
Equity, beginning of year	(256,908)	(513,816)
Equity, end of year	<u>\$ (446,572)</u>	<u>\$ (893,144)</u>

Lhtako Dene Nation
Notes to Consolidated Financial Statements

March 31, 2019

8. Tangible Capital Assets

	2019								
		Land	Automotive	Buildings	Land Improvement s	Equipment	Computer Equipment	Social Housing	Total
Cost, beginning of year	\$	-	\$ 22,094	\$ 3,486,189	\$ 1,710,762	\$ 116,233	\$ 58,695	\$ 360,455	\$ 5,754,428
Additions			26,528	291,782	-	-	-	1,160,000	1,478,310
Disposals			-	-	-	-	-	-	-
Cost, end of year	\$	-	\$ 48,622	\$ 3,777,971	\$ 1,710,762	\$ 116,233	\$ 58,695	\$ 1,520,455	\$ 7,232,738
Accumulated amortization, beginning of year	\$	-	\$ 14,757	\$ -	\$ 2,095,316	\$ 96,777	\$ 41,688	\$ 307,063	\$ 2,555,601
Amortization		-	4,056	-	120,811	19,134	5,102	28,369	177,472
Disposals		-	-	-	-	-	-	-	-
Accumulated amortization, end of year	\$	-	\$ 18,813	\$ -	\$ 2,216,127	\$ 115,911	\$ 46,790	\$ 335,432	\$ 2,733,073
Net carrying amount, end of year	\$	-	\$ 29,809	\$ 3,777,971	\$ (505,365)	\$ 322	\$ 11,905	\$ 1,185,023	\$ 4,499,665

Lhtako Dene Nation
Notes to Consolidated Financial Statements

March 31, 2019

8. Tangible Capital Assets (continued)

	2018								
	Land	Automotive	Buildings	Land Improvement s	Equipment	Computer Equipment	Social Housing	Total	
Cost, beginning of year	\$ -	\$ 16,094	\$ 2,953,191	\$ 1,710,762	\$ 116,233	\$ 58,695	\$ 893,453	\$ 5,748,428	
Additions		6,000	532,998	-	-	-	(532,998)	6,000	
Cost, end of year	\$ -	\$ 22,094	\$ 3,486,189	\$ 1,710,762	\$ 116,233	\$ 58,695	\$ 360,455	\$ 5,754,428	
Accumulated amortization, beginning of year	\$ -	\$ 13,754	\$ -	\$ 1,469,950	\$ 93,071	\$ 34,399	\$ 787,692	\$ 2,398,866	
Amortization		1,003	-	625,366	3,706	7,289	(480,629)	156,735	
Accumulated amortization, end of year	\$ -	\$ 14,757	\$ -	\$ 2,095,316	\$ 96,777	\$ 41,688	\$ 307,063	\$ 2,555,601	
Net carrying amount, end of year	\$ -	\$ 7,337	\$ 3,486,189	\$ (384,554)	\$ 19,456	\$ 17,007	\$ 53,392	\$ 3,198,827	

Lhtako Dene Nation
Notes to Consolidated Financial Statements

March 31, 2019

9. Accounts Payable

	<u>2019</u>	<u>2018</u>
Accounts payable and accrued liabilities	\$ 272,046	\$ 423,290
Accounts payable (Operating Fund)	<u>35,495</u>	<u>7,041</u>
	<u>\$ 307,541</u>	<u>\$ 430,331</u>

10. Deferred Revenue

Deferred revenue represents amounts received that relate to a subsequent period. A breakdown of deferred revenue is as follows:

	<u>2019</u>	<u>2018</u>
Indigenous Services Canada - Capital Surplus	\$ 84,941	\$ 84,941
Other deferred contracts	<u>22,600</u>	<u>-</u>
	<u>\$ 107,541</u>	<u>\$ 84,941</u>

Lhtako Dene Nation
Notes to Consolidated Financial Statements

March 31, 2019

11. Long Term Debt

	<u>2019</u>	<u>2018</u>
Social Housing Mortgages		
Mortgage repayable in monthly instalments of \$2,086 including interest at prime plus 0.5% per annum, secured by a ministerial guarantee	\$ 29,591	\$ 53,392
Mortgage repayable, repayable in monthly instalments of \$3,966 including interest at 2.21%, secured by a ministerial guarantee	912,167	-
Operational borrowing		
Demand loan, repayable in monthly instalments of \$1,719 including interest at 2.35% per annum	235,920	249,964
Construction loan, advances accrue interest at prime plus 0.5% per annum, secured by a general security agreement	-	471,831
Demand loan, repayable in monthly instalments of \$7,042 including interest at prime plus 0.5% per annum	387,324	-
Demand loan, repayable in monthly instalments of \$494, including interest at prime plus 0.5% per annum	25,782	-
Demand loan, repayable in monthly instalments of \$503, including interest at prime plus 0.5% per annum	31,370	37,763
Demand loan, repayable in monthly instalments of \$494, including interest at prime plus 0.5% per annum	29,735	-
	<u>\$ 1,651,889</u>	<u>\$ 812,950</u>

The estimated principal repayments on the above long term debt required over the next five years are as follows:

2020	\$ 159,340
2021	61,491
2022	62,442
2023	63,408
2024	64,390
Thereafter	<u>328,651</u>
	<u>\$ 739,722</u>

Lhtako Dene Nation
Notes to Consolidated Financial Statements

March 31, 2019

12 . Accumulated Surplus

	<u>2019</u>	<u>2018</u>
Unrestricted Surplus	\$ 1,752,923	\$ 1,892,122
Reserves	108,667	107,317
Equity in tangible capital assets	2,847,776	2,385,877
Ottawa Trust	975,719	918,297
Equity in Castle Mountain	28,227	14,183
	<u>\$ 5,713,312</u>	<u>\$ 5,317,796</u>

13. Comparative Figures

Certain comparative amounts presented in the consolidated financial statements have been restated to conform to current year's presentation.

14. Federal Assistance Payments

Lhtako Dene Nation has received federal assistance through CMHC pursuant to Section 56-1 of the *National Housing Act* to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received through March 31, 2019 was \$9,287 (2018 - \$17,446). This assistance will continue, providing the Nation is not in default of the agreement. As at March 31, 2019, the Nation was not in compliance with all agreements.

15. Replacement Reserve

Under the terms of the agreement with CMHC, the Replacement Reserve account is to be credited at March 31, 2019 in the amount of \$17,000 (2018 - \$23,743) annually. These funds along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal.

16. Contingencies

Lhtako Dene Nation has guaranteed certain band member loans with ISC. The amount outstanding on these loans at March 31, 2019 amounts to \$31,795 (2018 - \$36,371).

Lhtako Dene Nation
Notes to Consolidated Financial Statements

March 31, 2019

17. Expenses by Object

	<u>2019</u>	<u>2018</u>
Donations	\$ 1,447	\$ 28,469
Amortization	149,249	106,097
Bad Debt	1,824	-
Bank Charges and Interest	13,809	19,038
Program Expenses	29,740	39,424
Debt Repayment - amortization CMHC	30,358	52,369
Leases	2,471	2,230
Honoraria	203,192	196,946
Insurance	34,700	30,226
Contracted Services	1,475,298	606,584
Catering / Food / Snacks	-	3,287
Advertising	2,414	1,424
Materials and Supplies	163,016	109,994
Audit	18,000	8,000
Legal Services	96,477	125,808
Professional Services	442,527	474,659
Repairs and Maintenance	116,443	36,515
Rentals	8,149	4,933
Social Assistance Program Services	164,139	210,737
Post Secondary Program Services	86,346	90,433
Telephone	13,271	13,803
Travel	138,012	121,580
Wages and Benefits	336,382	382,615
Training & Workshops	18,672	33,231
Utilities	16,210	7,843
Administration	644	(1,740)
	<u>\$ 3,562,790</u>	<u>\$ 2,704,505</u>

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18. Segment Disclosure

The Lhtako Dene Nation is a diversified First Nation organization that provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Community welfare

This service area provides services to help the Members by providing a variety of programs, community services and social assistance.

Administration

This item relates to the revenues and expenses that relate to the operations of the Lhtako Dene Nation itself and cannot be directly attributed to specific segment.

Operations and Maintenance

This service area provides services relating to the development, maintenance and service of the Nation's assets, infrastructure and common property.

Education

This service area provides educational services through the operations of an on-reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Nation's members.

Economic Development

This service area provides for the development of economic opportunities to the Members, along with the exploration of the development of natural resource revenues.

Capital

This service area provides for the development of new capital projects and infrastructure programs on the reserve.

Housing

This service area provides for band owned and social housing to the members.

Lhtako Dene Nation
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18. Segment Disclosure - (continued)

<u>2019</u>	Community Wellness	Administration	Operations & Maintenance	Education	Natural Resources & Economic Development	Capital	Housing	Total
Revenue								
Indigenous								
Services Canada	\$ 232,736	\$ 177,269	\$ 73,663	\$ 150,886	\$ 70,568	\$ 152,130	\$ 35,280	\$ 892,532
Other revenue	275,692	643,733	-	-	704,903	978,487	110,025	2,712,840
Total	508,428	821,002	73,663	150,886	775,471	1,130,617	145,305	3,605,372
Expenses								
Wages and benefits	129,209	64,495	27,209	3,593	75,235	7	36,635	336,383
Purchases	262,868	892,085	64,241	114,552	359,216	1,147,864	206,121	3,046,947
Amortization	-	149,102	-	-	-	-	30,358	179,460
Total	392,077	1,105,682	91,450	118,145	434,451	1,147,871	273,114	3,562,790
Surplus (deficit)	\$ 116,351	\$ (284,680)	\$ (17,787)	\$ 32,741	\$ 341,020	\$ (17,254)	\$ (127,809)	\$ 42,582

<u>2018</u>	Community Wellness	Administration	Operations & Maintenance	Education	Natural Resources & Economic Development	Capital	Housing	Total
Revenue								
INAC	\$ 310,205	\$ 357,145	\$ 59,918	\$ 120,738	\$ -	\$ 208,342	\$ -	\$ 1,056,348
Other Revenue	325,753	949,495	-	-	552,980	25,000	229,294	2,082,522
Total	635,958	1,306,640	59,918	120,738	552,980	233,342	229,294	3,138,870
Expenses								
Wages and benefits	138,064	61,997	39,019	4,933	93,572	-	45,031	382,616
Purchases	347,950	900,402	64,651	108,033	229,254	303,808	204,998	2,159,096
Amortization	-	104,366	-	-	-	-	58,427	162,793
Total	486,014	1,066,765	103,670	112,966	322,826	303,808	308,456	2,704,505
Surplus (deficit)	\$ 149,944	\$ 239,875	\$ (43,752)	\$ 7,772	\$ 230,154	\$ (70,466)	\$ (79,162)	\$ 434,365