

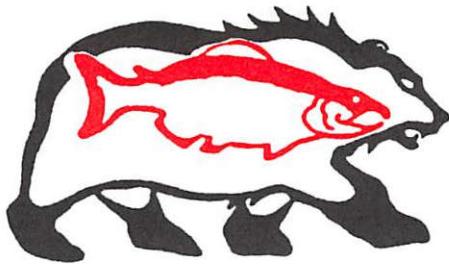


Lhtako Dene Nation
Consolidated Financial Statements
For the year ended March 31, 2020

Lhtako Dene Nation
Consolidated Financial Statements
For the year ended March 31, 2020

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RED BLUFF INDIAN BAND



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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 Nation 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 Nation'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 Nation'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 Nation 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, 2020, 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, 2020, 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

Quan Cheng, CPA, CA*

Partner

*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.
- 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.

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*

February 24, 2021
Quesnel, British Columbia

FBB Chartered Professional Accountants LLP

Lhtako Dene Nation
Exhibit A - Consolidated Statement of Financial Position

<u>As at March 31</u>	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash (Note 2)	\$ 22,159	\$ 4,547
Restricted cash (Note 3)	1,147,756	1,138,068
Accounts receivable (Note 4)	561,999	783,577
Short-term investments (Note 5)	168,000	168,000
Investments (Note 6)	276,979	276,979
Investments in Government Business Enterprises (Note 7)	(101,855)	(235,522)
Advances to related Nation entities and departments	594,914	1,086,637
	<u>2,669,952</u>	<u>3,222,286</u>
Liabilities		
Bank overdraft (Note 2)	83,722	-
Accounts payable (Note 9)	253,465	307,541
Deferred revenue (Note 10)	728,815	107,541
Long term debt (Note 11)	1,818,105	1,651,889
	<u>2,884,107</u>	<u>2,066,971</u>
Net Financial Assets (Debt)	<u>(214,155)</u>	<u>1,155,315</u>
Non-financial Assets		
Tangible capital assets (Note 8)	4,868,318	4,499,665
Prepaid expenses	23,410	58,333
	<u>4,891,728</u>	<u>4,557,998</u>
Accumulated surplus (Note 12)	<u>\$ 4,677,573</u>	<u>\$ 5,713,313</u>
Contingencies (Note 16)		

Approved on behalf of the Nation Council:

 Chief

 Councilor

Lhtako Dene Nation
Exhibit B - Consolidated Statement of Change in Net Financial Assets (Debt)

March 31		2020	2019
Surplus (deficit) for the year	\$ (292,506)	\$ 7,333	
Acquisition of tangible capital assets	(565,974)	(1,478,312)	
Amortization of tangible capital assets (Note 8)	<u>197,323</u>	<u>177,472</u>	
	<u>(661,157)</u>	<u>(1,293,507)</u>	
Change in prepaid expenses	34,923	(41,765)	
Equity change in unrestricted surplus	6,151	-	
Loss from Government Business Entities*	<u>(749,387)</u>	<u>-</u>	
	<u>(708,313)</u>	<u>(41,765)</u>	
Net change in net financial assets	(1,369,470)	(1,335,272)	
Net financial assets , beginning of year	1,155,315	2,490,587	
Net financial assets (debt) , end of year	\$ (214,155)	\$ 1,155,315	

*It was discovered during year that certain of the intercorporate advances to RDBC Trucking and Lhtako Gas and Convenience were no longer recoverable. The total amount of the writedown was \$749,387.

Lhtako Dene Nation
Exhibit C - Consolidated Statement of Operations

March 31	2020	2019
Revenue		
Indigenous Services Canada	\$ 440,776	\$ 892,532
First Nations Health Authority	156,765	317,692
Department of Fisheries and Oceans	5,000	10,000
Canada Mortgage and Housing Corporation	44,141	927,590
Canada Mortgage and Housing Corporation Subsidies	48,193	15,771
Province of British Columbia	1,169,187	771,257
Carrier Chilcotin Tribal Council	7,255	7,220
Cariboo Chilcotin Aboriginal Training & Employment Centre	31,522	34,238
First Nations Education Steering Committee	3,758	2,780
Rents	102,480	81,460
Interest	501	1,593
Other Revenue	492,709	536,649
New Relationship Trust	2,900	4,500
	<hr/>	<hr/>
	2,505,187	3,603,282
Expenses		
Community Wellness	537,316	392,077
Administration	1,308,554	1,104,892
Operations and Maintenance	101,318	91,450
Education	89,567	118,145
Natural Resources and Economic Development	423,456	468,303
Capital	11,529	1,147,968
Housing	325,953	273,114
	<hr/>	<hr/>
	2,797,693	3,595,949
Surplus (deficit) for the year	\$ (292,506)	\$ 7,333

Lhtako Dene Nation
Exhibit D - Consolidated Statement of Cash Flows

<u>March 31</u>	<u>2020</u>	<u>2019</u>
Operating activities		
Cash received from funding agreements and contracts	\$ 2,455,450	\$ 3,724,165
Cash paid to suppliers and employees	<u>(2,470,171)</u>	<u>(3,422,659)</u>
Cash flows from (used in) operating activities	(14,721)	301,506
Financing activities		
Proceeds from long term debt	328,583	967,684
Repayment of long term debt	<u>(162,367)</u>	<u>(128,745)</u>
Received from (paid to) RBDC	869,597	(133,446)
Paid to Red Bluff Trucking LLP	<u>(457,533)</u>	<u>(38,516)</u>
Received from (paid to) Gas Bar	(4,847)	363,565
Received from (paid to) Store Loan	84,507	(494,408)
Paid to Red Bluff Asset LLP	-	(37,586)
Cash flows from financing activities	657,940	498,548
Capital activities		
Purchase of tangible capital assets	<u>(565,974)</u>	<u>(1,478,312)</u>
Cash flows used in capital activities	(565,974)	(1,478,312)
Investing activities		
Gain (loss) on investments	<u>(133,667)</u>	269,524
Cash flows from (used in) investing activities	(133,667)	269,524
Decrease in cash and cash equivalents	(56,422)	(408,734)
Cash and cash equivalents, beginning of year	1,142,615	1,551,349
Cash and cash equivalents, end of year	\$ 1,086,193	\$ 1,142,615
Represented by:		
Cash	\$ 22,159	\$ 4,547
Restricted cash	1,147,756	1,138,068
Bank overdraft	<u>(83,722)</u>	-
Cash and cash equivalents, end of year	\$ 1,086,193	\$ 1,142,615

Lhtako Dene Nation Summary of Significant Accounting Policies

March 31, 2020

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	<p>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.</p> <p>These consolidated financial statements consolidate the assets, liabilities and results of operations for the following non-incorporated entities: Lhtako Dene Nation Housing Management.</p> <p>Inter-entity balances have been eliminated on consolidation.</p> <p>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.</p>
Revenue Recognition	<p>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.</p> <p>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.</p> <p>Other revenue is recognized in the period in which the events that give rise to the revenue occurs.</p>

Lhtako Dene Nation Summary of Significant Accounting Policies

March 31, 2020

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 Bullff 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, 2020

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.

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, 2020

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

	2020	2019
Operations	\$ (83,722)	\$ 4,547
Social Housing	<u>22,159</u>	-
	<hr/> \$ (61,563)	\$ 4,547

Included in cash is \$31,142 (2019 - \$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 \$500,000, at a rate of prime plus 0.5%. As of March 31, 2020, the Nation had not drawn on this facility.

3. Restricted Cash

	2020	2019
Ottawa Trust Funds	\$ 1,017,027	\$ 975,719
Replacement Reserve - CMHC	<u>15,626</u>	47,246
Silviculture deposits	<u>115,103</u>	115,103
	<hr/> \$ 1,147,756	\$ 1,138,068

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, 2020

3. Restricted Cash (continued)

The Housing restricted cash is derived under the terms of the agreements with Canada Mortgage and Housing Corporation ("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.

4. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	2020	2019
Trade accounts receivable	\$ 440,815	\$ 686,151
Indigenous Services receivable	4,016	-
Members receivable	31,150	33,973
Rents receivable	127,653	63,453
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)
Allowance for doubtful accounts	(41,635)	-
	<hr/>	<hr/>
	\$ 561,999	\$ 783,577

5. Marketable securities

	2020	2019
Marketable securities	<hr/>	<hr/>
	\$ 168,000	\$ 168,000

Marketable securities are shares held in a public company. As at March 31, 2020 the shares have a fair market value of \$166,933 (2019 - \$148,000)

6. Portfolio Investments

	2020	2019
Castle Mountain - 2.5% interest	\$ 266,979	\$ 266,979
Dene Developments	10,000	10,000
	<hr/>	<hr/>
	\$ 276,979	\$ 276,979

Lhtako Dene Nation
Notes to Consolidated Financial Statements

March 31, 2020

7. Investments in Government Business Enterprises

	2020	2019
Red Bluff Developments	\$ (72,447)	\$ (72,447)
RBDC Trucking LLP	10	(455,993)
Lhtako Gas and Convenience	<u>(29,418)</u>	<u>292,918</u>
	<u>\$ (101,855)</u>	<u>\$ (235,522)</u>

Summary of the unaudited financial statements for the year ended March 31, 2020 is as follows:

	2020	2019
Balance Sheet		
Current assets	\$ 392,575	\$ 676,670
Capital assets	<u>946,405</u>	<u>969,569</u>
	<u>\$ 1,338,980</u>	<u>\$ 1,646,239</u>
Current liabilities	\$ 744,188	\$ 778,076
Shareholders' loan	1,061,598	1,313,735
Share capital	1,000	1,000
Equity	<u>(467,806)</u>	<u>(446,572)</u>
	<u>\$ 1,338,980</u>	<u>\$ 1,646,239</u>
Statement of Operations		
Revenue	\$ 4,377,635	\$ 2,878,403
Cost of sales	3,800,152	1,758,938
Expenses	<u>1,256,513</u>	<u>1,309,129</u>
Net Loss	<u>(679,030)</u>	<u>(189,664)</u>
Equity, beginning of year	(446,571)	(256,908)
Distributions	<u>657,795</u>	-
Equity, end of year	<u>\$ (467,806)</u>	<u>\$ (446,572)</u>

Lhtako Dene Nation
Notes to Consolidated Financial Statements

March 31, 2020

8. Tangible Capital Assets

	2020						
	Building and Land Improvements		Equipment	Computer Equipment		Social Housing	Total
Cost, beginning of year	\$ 48,622	\$ 5,488,733	\$ 116,233	\$ 58,695	\$ 1,520,455	\$ 7,232,738	
Additions	49,230	516,746	-	-	-	-	565,976
Disposals	-	-	-	-	-	-	-
Cost, end of year	97,852	6,005,479	116,233	58,695	1,520,455	7,798,714	
Accumulated amortization, beginning of year	18,813	2,216,127	115,911	46,790	335,432	2,733,073	
Amortization	10,289	115,978	15,307	3,571	52,178	197,323	
Disposals	-	-	-	-	-	-	-
Accumulated amortization, end of year	29,102	2,332,105	131,218	50,361	387,610	2,930,396	
Net carrying amount, end of year	\$ 68,750	\$ 3,673,374	\$ (14,985)	\$ 8,334	\$ 1,132,845	\$ 4,868,318	

Lhtako Dene Nation
Notes to Consolidated Financial Statements

March 31, 2020

8. Tangible Capital Assets (continued)

						2019
	Automotive	Building and Land Improvements	Equipment	Computer Equipment	Social Housing	Total
Cost, beginning of year	\$ 22,094	\$ 5,196,951	\$ 116,233	\$ 58,695	\$ 360,455	\$ 5,754,428
Additions	26,528	291,782	-	-	1,160,000	1,478,310
Cost, end of year	48,622	5,488,733	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
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	\$ 3,272,606	\$ 322	\$ 11,905	\$ 1,185,023	\$ 4,499,665

Lhtako Dene Nation
Notes to Consolidated Financial Statements

March 31, 2020

9. Accounts Payable

	2020	2019
Accounts payable and accrued liabilities	\$ 189,822	\$ 272,046
Government remittances (Operating Fund)	<u>63,643</u>	<u>35,495</u>
	<u>\$ 253,465</u>	<u>\$ 307,541</u>

10. Deferred Revenue

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

	2020	2019
Indigenous Services Canada - Capital Surplus	\$ 130,619	\$ 84,941
First Nations Health Authority	194,016	-
Indigenous Services Canada		
Post Secondary	73,639	-
Special Needs - COVID	3,987	-
Special Needs	820	-
Family Violence	1,955	-
Adult In-Home Care	9,477	-
Adult In-Home Care Service Delivery	1,892	-
COVID Emergency Management Response	12,738	-
Province of BC - Truck Wash	100,000	-
Province of BC - Regional Mining Issues	15,352	-
EAO - Cariboo Gold Mine	7,000	-
FNHA Grants - WF Response	24,627	-
FNHA Health & Wellness Grant	90,865	-
NAHS - Gov Gap	61,828	-
Other deferred contracts	-	22,600
	<u>\$ 728,815</u>	<u>\$ 107,541</u>

Lhtako Dene Nation
Notes to Consolidated Financial Statements

March 31, 2020

11. Long Term Debt

	2020	2019
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	\$ 5,171	\$ 29,591
Mortgage repayable in monthly instalments of \$3,966 including interest at 2.21%, secured by a ministerial guarantee	884,408	912,167
Operational borrowing		
Demand loan, repayable in monthly instalments of \$1,719 including interest at 2.35% per annum	220,981	235,920
Term equipment financing, repayable in monthly instalments of \$895 including interest at 9.64% per annum	44,588	-
Demand loan, repayable in monthly instalments of \$7,042 including interest at prime plus 0.5% per annum	302,817	387,324
Demand loan, repayable in monthly instalments of \$494, including interest at prime plus 0.5% per annum	20,891	25,782
Demand loan, repayable in monthly instalments of \$503, including interest at prime plus 0.5% per annum	25,517	31,370
Demand loan, repayable in monthly instalments of \$494, including interest at prime plus 0.5% per annum	313,732	29,735
	<hr/> \$ 1,818,105	<hr/> \$ 1,651,889

Lhtako Dene Nation Notes to Consolidated Financial Statements

March 31, 2020

12 . Accumulated Surplus

	2020	2019
Unrestricted Surplus	\$ (476,193)	\$ 886,266
Contributed Surplus	245,410	245,410
Ottawa Trust	1,017,027	975,719
Equity in Tangible Capital Assets	3,740,319	3,468,974
Equity in Castle Mountain	43,166	28,277
Equity in Replacement Reserve	<u>107,844</u>	<u>108,667</u>
	<hr/>	<hr/>
	\$ 4,677,573	\$ 5,713,313

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, 2020 was \$47,623 (2019 - \$9,287). This assistance will continue, providing the Nation is not in default of the agreement. As at March 31, 2020, 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, 2020 in the amount of \$14,177 (2019 - \$15,771) 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.

Lhtako Dene Nation **Notes to Consolidated Financial Statements**

March 31, 2020

17. COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

As the impacts of COVID-19 continue, there could be further impact on the Nation, its funders and its business entities. The Nation has continued to deliver services during this pandemic through a variety of means, whether face-to-face or utilizing technology as the Nation was deemed an essential service. Management is actively monitoring the effect on its financial condition, liquidity, operations and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Nation is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

Lhtako Dene Nation
Notes to Consolidated Financial Statements

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18. Expenses by Object

	2020	2019
Donations	\$ 11,629	\$ 1,447
Amortization	145,146	149,102
Bad debt	99,845	1,824
Bank charges and interest	41,661	27,951
Program Expenses	29,612	29,740
Debt Repayment - amortization CMHC	52,120	30,358
Leases	2,249	2,471
Honoraria	235,587	203,192
Insurance	43,376	34,700
Contracted services	497,413	1,475,298
Advertising	1,889	2,414
Materials and supplies	199,794	163,014
Audit	19,633	18,000
Legal services	90,411	96,477
Professional services	323,163	442,527
Repairs and maintenance	58,455	116,443
Rentals	6,248	8,149
Social assistance program services	238,981	164,139
Post secondary program services	54,664	86,346
Telephone	15,015	13,271
Travel	143,231	138,012
Wages and benefits	417,609	356,189
Training and workshops	48,012	18,672
Utilities	11,521	16,213
Replacement reserve	8,100	-
Special events	2,329	-
	<hr/> \$ 2,797,693	<hr/> \$ 3,595,949

Lhtako Dene Nation Notes to Consolidated Financial Statements

March 31, 2020

19. 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 a 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 Nation owned and social housing to the members.

Lhtako Dene Nation
Notes to Consolidated Financial Statements

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19. Segment Disclosure - (continued)

	2020		Community Wellness	Administration	Operations and Maintenance	Education	Natural Resources and Economic Development		Capital	Housing	Total
Revenue											
Indigenous Services											
Canada	\$ 194,174	\$ 46,898	\$ 63,227	\$ 40,859	\$ 95,618	\$ -	\$ -	\$ -	\$ -	\$ 440,776	
Other revenue	156,765	443,315	-	-	522,032	-	-	192,912	-	1,315,024	
Total	350,939	490,213	63,227	40,859	617,650	-	-	192,912	-	1,755,800	
Expenses											
Wages and benefits	162,655	102,794	30,550	6,549	74,853	-	-	40,213	-	417,614	
Purchases	374,661	1,060,614	70,768	83,018	348,603	11,529	233,620	-	233,620	2,182,813	
Amortization	-	145,146	-	-	-	-	-	52,120	-	52,120	197,266
Total	537,316	1,308,554	101,318	89,567	423,456	11,529	325,953	-	325,953	2,797,693	
Surplus (deficit)	\$ (186,377)	\$ (818,341)	\$ (38,091)	\$ (48,708)	\$ 194,194	\$ (11,529)	\$ (133,041)	\$ (1,041,893)	\$ (1,041,893)		

	2019		Community Wellness	Administration	Operations and Maintenance	Education	Natural Resources and 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	643,735	-	-	724,709	956,590	110,024	-	-	2,710,750	
Total	508,428	821,004	73,663	150,886	795,277	1,108,720	145,304	-	-	3,603,282	
Expenses											
Wages and benefits	129,209	64,495	27,209	3,593	95,042	7	36,635	-	-	356,190	
Purchases	262,868	891,295	64,241	114,552	373,261	1,147,961	206,121	-	-	3,060,299	
Amortization	-	149,102	-	-	-	-	30,358	-	-	179,460	
Total	392,077	1,104,892	91,450	118,145	468,303	1,147,968	273,114	-	-	3,595,949	
Surplus (deficit)	\$ 116,351	\$ (283,888)	\$ (17,787)	\$ 32,741	\$ 326,974	\$ (39,248)	\$ (127,810)	\$ (1,041,893)	\$ (1,041,893)	\$ 7,333	