

LR

**Lhoosk'uz Dene Government
Financial Statements**

March 31, 2014

Lhoosk'uz Dene Government

INDEX TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2014

Management's Responsibility for Financial Reporting
Auditor's Report

SUMMARY FINANCIAL STATEMENTS

Summary Statement of Financial Position	Statement 1
Summary Statement of Net Assets	Statement 2
Summary Statement of Revenue and Expenditures	Statement 3
Summary Statement of Cash Flows	Statement 4
Notes to the Summary Financial Statements	

Lhoosk'uz Dene Government
MARCH 31, 2014

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Lhoosk'uz Dene Government are the responsibility of management and have been approved by Chief and Council

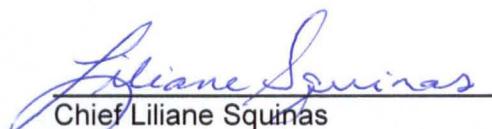
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Ribeyre & Company conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Lhoosk'uz Dene Government and meet when required.



Chief Liliane Squinas

Chartered Accountants

#303 – 2071 Kingsway Avenue
Port Coquitlam, B.C.V3C 6N2

Bus: 604 945-3639
Fax: 604 942-2834

* Ted Ribeyre Ltd. operating as

INDEPENDENT AUDITOR'S REPORT

To: The Members of Lhoosk'uz Dene Government

Lhoosk'uz Dene Government
Report on the Financial Statements

We have audited the accompanying financial statements of Lhoosk'uz Dene Government, which comprise the statement of financial position as at March 31, 2014, and the summary statement of operations, summary statement of change in net debt, summary statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Lhoosk'uz Dene Government** as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "Patey & Company".

Chartered Accountants

Port Coquitlam, B.C.
July 22, 2014

Lhoosk'uz Dene Government
SUMMARY STATEMENT OF FINANCIAL POSITION

As at March 31, 2014	Statement 1	
	2014	2013
Financial assets		
Cash - Note 3	\$ 346,917	\$ 213,713
Accounts receivable - Note 4	428,543	102,061
Investments - Note 5	1,582,289	1,357,221
Trust moneys - Note 6	39,620	38,025
	2,397,369	1,711,020
Financial liabilities		
Accounts payable and accrued liabilities	303,466	141,009
Government balances payable	51,517	51,325
Deferred revenue	4,615	4,884
	359,598	197,218
Net financial assets	2,037,771	1,513,802
Non-financial assets		
Tangible capital assets - Note 7	3,285,517	3,369,448
Prepaid expenses and deposits	8,196	8,823
	3,293,713	3,378,271
Accumulated surplus - Note 8	\$ 5,331,484	\$ 4,892,073

See accompanying notes

On behalf of Chief and Council:




Lhoosk'uz Dene Government
SUMMARY STATEMENT OF OPERATIONS

For the year ended March 31, 2014

Statement 2

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	\$ 1,216,369	\$ 1,046,773
Health Canada / FNHA	371,491	388,111
Cariboo Chilcotin Aboriginal Training		
Education Centre	74,586	51,628
Contribution from New Gold Inc.	692,345	196,315
Revenue from forestry activities	369,089	348,276
Miscellaneous income	323,421	551,755
Trust income	1,595	1,382
Province of British Columbia	-	5,000
Investment gain	121,128	500,926
First Nation Education Steering Committee	96,369	73,983
	3,266,393	3,164,149
Expenses		
Local government services	321,130	462,936
Community infrastructure	231,651	286,535
Cultural services	8,484	-
Economic development	848,107	494,258
Education and training	527,782	344,746
Health	414,664	362,223
Social programs	180,757	167,970
Capital projects	241,623	327,100
	2,774,198	2,445,768
Annual surplus	492,195	718,381
Accumulated surplus, beginning of year	4,892,073	4,183,879
Reimbursements (recoveries)	(52,784)	(10,187)
Accumulated surplus, end of year	\$ 5,331,484	\$ 4,892,073

See accompanying notes

Lhoosk'uz Dene Government
SUMMARY STATEMENT OF NET FINANCIAL ASSETS

For the year ended March 31, 2014

Statement 3

	2014	2013
Annual surplus	\$ 492,195	\$ 718,381
Recoveries in the year	(52,784)	(10,187)
	439,411	708,194
<hr/>		
Changes in tangible capital assets		
Acquisition of tangible capital assets	(55,406)	(257,485)
Amortization of tangible capital assets	139,337	142,214
Cost of assets disposed of in the year	-	31,191
	83,931	(84,080)
<hr/>		
Changes in other non-financial assets		
Prepaid expenses and deposits	627	878
	627	878
<hr/>		
Increase in net financial assets	523,969	624,992
Net financial assets at beginning of year	1,513,802	888,810
Net financial assets at end of year	\$ 2,037,771	\$ 1,513,802
<hr/>		

See accompanying notes

Lhoosk'uz Dene Government

SUMMARY STATEMENT OF CASH FLOWS

For the year ended March 31, 2014

Statement 4

2014 2013

OPERATING ACTIVITIES

Revenue received	\$ 2,905,635	\$ 2,873,736
Expenses paid	(2,471,585)	(2,201,907)
Cash provided by operating activities	434,050	671,829

INVESTING ACTIVITIES

Advances to investments	(245,440)	(254,629)
Purchase and construction of capital assets	(55,406)	(226,294)
Cash used in investing activities	(300,846)	(480,923)

Increase in cash during the year	133,204	190,906
Cash, beginning of year	213,713	22,807
Cash, end of year	\$ 346,917	\$ 213,713

See accompanying notes

Lhoosk'uz Dene Government

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

See Auditor's Report

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These Summary Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, which encompasses the following principles.

a) Fund accounting

The Lhoosk'uz Dene Government uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the Summary Financial Statements. Details of the operations of each fund are set out in the supplementary schedules. The Lhoosk'uz Dene Government maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation administration,
- The Trust Fund which reports on trust funds owned by the First Nation and held by a third party,
- The Investment Fund which reports the Band's investments in related entities.

b) Reporting entity and principles of financial reporting

The Lhoosk'uz Dene Government reporting entity includes the Lhoosk'uz Dene Government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These financial statements consolidate the assets, liabilities and results of operation for the following entities which use accounting principles which lend themselves to consolidation:

- Lhoosk'uz Dene Government Operating Fund,
- Lhoosk'uz Dene Government Trust Fund,
- Lhoosk'uz Dene Government Investment Fund.

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Dene Development Corp., a company Lhoosk'uz Dene Government holds a 33.3% interest in, is included in the summary financial statements using the modified equity method.

Lhoosk'uz Dene Government

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

See Auditor's Report

1. Continued ...

b) Reporting entity and principles of financial reporting

Lhoosk'uz Dene Forest Company Limited, 0886366 B.C. Ltd. and Kluskus Management Holdings Ltd., companies Lhoosk'uz Dene Government holds a 100% interest in, are included in the summary financial statements using the modified equity method.

c) Financial assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not consumption in the normal course of operations. The indicator of net debt is determined by deducting the financial assets of the Lhoosk'uz Dene Government from its liabilities. Financial assets are primarily measured at historical cost.

d) Non-financial assets

Fixed assets and other non-financial assets are accounted for as assets by the Lhoosk'uz Dene Government because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Lhoosk'uz Dene Government unless they are sold.

e) Fixed assets

Fixed assets are valued at either cost or estimated cost and recorded in the Operating Fund.

The acquisition costs of fixed assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenditures are also recorded as an addition to assets of the Operating Fund with a corresponding increase in Operating Fund - unrestricted equity.

f) Depreciation

Fixed assets are recorded and depreciated with a corresponding reduction in Equity in Fixed Assets. Fixed assets are depreciated over their expected useful life using the declining balance method at the following rates:

Computer equipment	30%
Furniture and equipment	20%
Infrastructure	4%
Mobile equipment	30%
Signage	20%

Lhoosk'uz Dene Government

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

See Auditor's Report

1. Continued ...

g) Revenue recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Statement of Financial Position.

h) Cash equivalents

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition

2. ECONOMIC DEPENDENCE

The Lhoosk'uz Dene Government receives a major portion of its revenue pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada

3. CASH

	2014	2013
Cash is comprised of the following:		
Cash and cash equivalents	\$ 45,019	\$ 63,119
\$300,000 guaranteed investment certificate with annual interest rate of 2.35% and matures on December 16, 2018 with an annual anniversary distribution of \$60,000.	301,898	150,594
	<hr/> \$ 346,917	<hr/> \$ 213,713

4. ACCOUNTS RECEIVABLE

	2014	2013
Accounts receivable is comprised of the following:		
Aboriginal Affairs and Northern Development Canada	\$ 41,368	\$ 2,000
Band members' loans	3,082	8,814
Band members' loans' allowances	(3,082)	(8,368)
Health Canada	-	29,098
Other	387,175	70,517
	<hr/> \$ 428,543	<hr/> \$ 102,061

Lhoosk'uz Dene Government
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

See Auditor's Report

5. INVESTMENTS

	2014	2013
Lhoosk'uz Dene Forest Company Limited		
Shares	\$ 2	\$ 2
Accumulated equity	9,981	9,981
Advances	(7,805)	(7,805)
Allowance on investment	(2,178)	(2,178)
	-	-
Kluskus Management Holdings Ltd.		
Shares	200	200
Accumulated equity	(2,129)	(1,497)
Advances	463,997	346,285
	462,068	344,988
0886366 B.C. Ltd.		
Shares	100	100
Accumulated equity	(30,470)	(25,300)
Advances	562,788	527,880
	532,418	502,680
Lhoosk'uz Management Ltd.		
Shares	1	1
Accumulated equity	(30)	(1,496)
Advances	61,399	60,999
	61,370	59,504
Lhoosk'uz Development Group Limited Partnership		
Accumulated equity	498,946	422,562
Dene Forest Products Ltd. (a 25% interest)		
Shares	2	2
Accumulated equity	(2)	(2)
Advances	5,000	5,000
Allowance on investment	(5,000)	(5,000)
	-	-
Dene Development Corp. (a 33.3% interest)		
Shares	1	1
Advances	27,486	27,486
	27,487	27,487
	\$ 1,582,289	\$ 1,357,221

Lhoosk'uz Dene Government

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

See Auditor's Report

5. Continued...

Shares are held in trust on behalf of the band membership by certain band members under trust agreements.

Financial information for the corporation for its respective year end is as follows:

	Assets	Liabilities	Revenue	Net Income
			(Loss)	(Loss)
0886366 B.C. Ltd.				
March 31, 2014	\$ 534,336	\$ 564,706	\$ 45,679	\$ (5,170)
Kluskus Management Holdings Ltd.				
March 31, 2014	\$ 465,025	\$ 464,997	\$ 127,497	\$ 1,466
Lhoosk'uz Management Ltd.				
March 31, 2014	\$ 59,659	\$ 61,786	\$ (16)	\$ (632)
Lhoosk'uz Development Group Limited Partnership				
March 31, 2014	\$ 691,419	\$ 192,107	\$ 139,102	\$ (16,052)

6. TRUST MONEYS

The Ottawa Trust accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Lhoosk'uz Dene Government
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

See Auditor's Report

7. TANGIBLE CAPITAL ASSETS

	2014							2013			
	Beginning Cost	Additions	Disposals	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposals	Ending Accumulated Depreciation	Net Book Value	Net Book Value	
Computer equipment	\$ 85,578	\$ -	\$ -	\$ 85,578	\$ 78,706	\$ 2,059	\$ -	\$ 80,765	\$ 4,813	\$ 6,872	
Furniture and equipment	41,655	-	-	41,655	30,087	2,316	-	32,403	9,252	11,568	
Infrastructure											
Housing	1,906,627	55,406	-	1,962,033	273,306	65,333	-	338,639	1,623,394	1,633,321	
School	1,477,542	-	-	1,477,542	707,705	30,793	-	738,498	739,044	769,837	
Power and utilities	348,408	-	-	348,408	141,802	8,264	-	150,066	198,342	206,606	
Roads	358,034	-	-	358,034	77,930	11,204	-	89,134	268,900	280,104	
Water supply	562,982	-	-	562,982	107,609	18,214	-	125,823	437,159	455,373	
Equipment	6,619	-	-	6,619	2,807	763	-	3,570	3,049	3,812	
Signage	3,395	-	-	3,395	1,440	391	-	1,831	1,564	1,955	
Mobile equipment	-	-	-	-	-	-	-	-	-	-	
	\$ 4,790,840	\$ 55,406	\$ -	\$ 4,846,246	\$ 1,421,392	\$ 139,337	\$ -	\$ 1,560,729	\$ 3,285,517	\$ 3,369,448	

Lhoosk'uz Dene Government

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

See Auditor's Report

8. ACCUMULATED SURPLUS

	2014	2013
RESTRICTED		
Opening balance	\$ 80,448	\$ 96,175
Net changes		
Operating Fund	(3,406)	(17,109)
Trust Fund	1,595	1,382
<u>Closing balance</u>	<u>78,637</u>	<u>80,448</u>
UNRESTRICTED		
Opening balance	4,811,625	4,087,704
Net changes		
Operating Fund	461,594	357,995
Investment Fund	(20,372)	365,926
<u>Closing balance</u>	<u>5,252,847</u>	<u>4,811,625</u>
TOTAL RESTRICTED AND UNRESTRICTED	\$ 5,331,484	\$ 4,892,073

9. BUDGET INFORMATION

The budget information disclosed has been approved by the Lhoosk'uz Dene Government Chief and Council. Individual program operations not showing budget information does not mean budgets were not prepared but rather that their amounts were not readily determined.