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**Lhoosk'uz Dene Nation**  
**Financial Statements**

**March 31, 2015**

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# **Lhoosk'uz Dene Nation**

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**For the year ended March 31, 2015**

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**Chartered Accountants**#303 – 2071 Kingsway Avenue  
Port Coquitlam, B.C.V3C 6N2Bus: 604 945-3639  
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\* Ted Ribeyre Ltd. operating as

Lhoosk'uz Dene Nation  
**MARCH 31, 2015**

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying consolidated financial statements of Lhoosk'uz Dene Nation 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 Nation and meet when required.

**Chartered Accountants**

#303 – 2071 Kingsway Avenue  
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## **INDEPENDENT AUDITOR'S REPORT**

To: The Members of Lhoosk'uz Dene Nation

**Lhoosk'uz Dene Nation**  
**Report on the Financial Statements**

We have audited the accompanying financial statements of Lhoosk'uz Dene Nation, which comprise the statement of financial position as at March 31, 2015, 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 Nation** as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Port Coquitlam, B.C.  
July 23, 2015

*Ribeyre & Company*  
Chartered Accountants

**Lhoosk'uz Dene Nation**  
**SUMMARY STATEMENT OF FINANCIAL POSITION**

As at March 31, 2015	Statement 1	
	2015	2014
<b>Financial assets</b>		
Cash - Note 3	\$ 288,658	\$ 346,917
Accounts receivable - Note 4	152,788	428,543
Investments - Note 5	1,679,792	1,582,289
Trust moneys - Note 6	41,127	39,620
	<b>2,162,365</b>	2,397,369
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	105,387	193,136
Government balances payable	93,975	161,847
Deferred revenue	2,071	4,615
	<b>201,433</b>	359,598
<b>Net financial assets</b>	<b>1,960,932</b>	2,037,771
<b>Non-financial assets</b>		
Tangible capital assets - Note 7	3,372,842	3,285,517
Prepaid expenses and deposits	12,886	8,196
	<b>3,385,728</b>	3,293,713
<b>Accumulated surplus - Note 8</b>	<b>\$ 5,346,660</b>	\$ 5,331,484

See accompanying notes

On behalf of Chief and Council:




**Lhoosk'uz Dene Nation**  
**SUMMARY STATEMENT OF OPERATIONS**

**For the year ended March 31, 2015**

**Statement 2**

	2015 Budget	2015 Actual	2014 Actual
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	\$ 1,323,503	\$ 1,236,734	\$ 1,216,369
First Nations Health Authority / Health Canada	397,543	390,543	371,491
Cariboo Chilcotin Aboriginal Training			
Education Centre	-	67,807	74,586
Contribution from New Gold Inc.	-	377,743	692,345
Forestry activities	-	60,062	369,089
Miscellaneous income	-	69,503	79,332
Trust income	1,000	1,507	1,595
Province of British Columbia	46,920	56,920	46,920
Investment income from government business enterprise	-	182,221	121,128
First Nation Education Steering Committee	-	30,734	96,369
	<b>1,768,966</b>	<b>2,473,774</b>	3,069,224
<b>Expenses</b>			
Local government services	165,065	328,854	321,130
Community infrastructure	262,835	272,710	231,946
Cultural services	10,000	10,772	8,484
Economic development	13,924	586,488	668,107
Education and training	491,772	456,010	525,599
Health	398,276	418,940	414,664
Social programs	222,431	124,898	165,476
Capital projects	200,000	127,115	241,623
	<b>1,764,303</b>	<b>2,325,787</b>	2,577,029
<b>Annual surplus</b>	<b>4,663</b>	<b>147,987</b>	492,195
<b>Accumulated surplus, beginning of year</b>		<b>5,331,484</b>	4,892,073
Reimbursements (recoveries)		<b>(132,811)</b>	(52,784)
<b>Accumulated surplus, end of year</b>		<b>\$ 5,346,660</b>	\$ 5,331,484

See accompanying notes

**Lhoosk'uz Dene Nation**  
**SUMMARY STATEMENT OF NET FINANCIAL ASSETS**

For the year ended March 31, 2015	Statement 3		
	2015 Budget	2015 Actual	2014 Actual
<b>Annual surplus</b>	\$ 4,663	\$ 147,987	\$ 492,195
<b>Recoveries in the year</b>	<u>(132,811)</u>	<u>(132,811)</u>	<u>(52,784)</u>
	<u>(128,148)</u>	<u>15,176</u>	<u>439,411</u>
 <b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets	(200,000)	(227,120)	(55,406)
Amortization of tangible capital assets	<u>139,000</u>	<u>139,795</u>	<u>139,337</u>
	<u>(61,000)</u>	<u>(87,325)</u>	<u>83,931</u>
 <b>Changes in other non-financial assets</b>			
Prepaid expenses and deposits	-	(4,690)	627
	<u>-</u>	<u>(4,690)</u>	<u>627</u>
 <b>Increase in net financial assets</b>	<u>(189,148)</u>	<u>(76,839)</u>	<u>523,969</u>
 Net financial assets at beginning of year	<u>2,037,771</u>	<u>2,037,771</u>	<u>1,513,802</u>
 <b>Net financial assets at end of year</b>	<u>\$ 1,848,623</u>	<u>\$ 1,960,932</u>	<u>\$ 2,037,771</u>

See accompanying notes

# **Lhoosk'uz Dene Nation**

## **SUMMARY STATEMENT OF CASH FLOWS**

**For the year ended March 31, 2015**

## **Statement 4**

2015 2014

## OPERATING ACTIVITIES

Revenue received	\$ 2,589,446	\$ 2,708,466
Expenses paid	(2,346,303)	(2,274,416)
<b>Cash provided by operating activities</b>	<b>243,143</b>	434,050

## **INVESTING ACTIVITIES**

Advances to investments	(74,282)	(245,440)
Purchase and construction of capital assets	(227,120)	(55,406)
<b>Cash used in investing activities</b>	<b>(301,402)</b>	<b>(300,846)</b>

<b>(Decrease) increase in cash during the year</b>	<b>(58,259)</b>	133,204
Cash, beginning of year	346,917	213,713
<b>Cash, end of year</b>	<b>\$ 288,658</b>	\$ 346,917

*See accompanying notes*

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# **Lhoosk'uz Dene Nation**

## **NOTES TO FINANCIAL STATEMENTS**

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**March 31, 2015**

**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

- The Operating Fund which reports the general activities of the First Nation
- 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

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

All inter-fund 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.

Castle Mountain Hydro Ltd., a company Lhoosk'uz Dene Nation holds a 2.5% interest in, is included in the summary financial statements using the cost method.

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# **Lhoosk'uz Dene Nation**

## **NOTES TO FINANCIAL STATEMENTS**

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**March 31, 2015**

**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) Tangible capital assets**

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

The acquisition costs of tangible capital 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**

Tangible capital assets are recorded and depreciated with a corresponding reduction in Equity in Fixed Assets. Tangible capital 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%

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# **Lhoosk'uz Dene Nation**

## **NOTES TO FINANCIAL STATEMENTS**

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**March 31, 2015**

**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**

	<b>2015</b>	<b>2014</b>
Cash is comprised of the following:		
Cash and cash equivalents.	\$ 147,144	\$ 45,019
\$240,000 guaranteed investment certificate with annual interest rate of 2.35% and matures on December 16, 2018 with an annual anniversary	241,514	301,898
Line of credit, authorized up to \$100,000, due on demand, with interest at the Bank's prime rate plus 1.5% and secured by a guaranteed investment certificate as described above.	(100,000)	-
	<b>\$ 288,658</b>	<b>\$ 346,917</b>

**Lhoosk'uz Dene Nation**  
**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2015**

**See Auditor's Report**

**4. ACCOUNTS RECEIVABLE**

	<b>2015</b>	<b>2014</b>
Accounts receivable is comprised of the following:		
Aboriginal Affairs and Northern Development Canada	\$ 60,364	\$ 41,368
Band members' loans	3,738	3,082
Band members' loans' allowances	(3,738)	(3,082)
Other	92,424	387,175
	<b>\$ 152,788</b>	<b>\$ 428,543</b>

**5. INVESTMENTS**

	<b>2015</b>	<b>2014</b>
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	(3,296)	(2,129)
Advances	502,797	463,997
	499,701	462,068
0886366 B.C. Ltd.		
Shares	100	100
Accumulated equity	(124,724)	(30,470)
Advances	561,353	562,788
	436,729	532,418
Lhoosk'uz Management Ltd.		
Shares	1	1
Accumulated equity	(1,046)	(30)
Advances	61,399	61,399
	60,354	61,370
Lhoosk'uz Development Group Limited Partnership		
Accumulated equity	404,284	498,946
Subtotal	<b>\$ 1,401,068</b>	<b>\$ 1,554,802</b>

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# Lhoosk'uz Dene Nation

## NOTES TO FINANCIAL STATEMENTS

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**March 31, 2015**

**See Auditor's Report**

**5. Continued...**

Balance forward	\$ 1,401,068	\$ 1,554,802
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
Castle Mountain Hydro Ltd. (a 2.5% interest)		
Shares	251,237	-
	251,237	-
	<b>\$ 1,679,792</b>	<b>\$ 1,582,289</b>

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

Financial information for the corporations for their respective year ends is as follows:

	<b>Assets</b>	<b>Liabilities</b>	<b>Revenue</b>	<b>Net Income (Loss)</b>
0886366 B.C. Ltd.				
March 31, 2015	\$ 441,099	\$ 565,723	\$ 22,650	\$ (94,254)
Kluskus Management Holdings Ltd.				
March 31, 2015	\$ 502,921	\$ 503,767	\$ 166,106	\$ (874)
Lhoosk'uz Management Ltd.				
March 31, 2015	\$ 58,514	\$ 61,809	\$ 120	\$ (1,168)
Lhoosk'uz Development Group Limited Partnership				
March 31, 2015	\$ 479,379	\$ 74,609	\$ 220,838	\$ 119,778

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# Lhoosk'uz Dene Nation

## NOTES TO FINANCIAL STATEMENTS

March 31, 2015

See Auditor's Report

### 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.

### 7. TANGIBLE CAPITAL ASSETS

	2015							2014		
	Beginning Cost	Additions	Disposals	Ending Cost	Beginning Accumulated Depreciation		Disposals	Ending Accumulated Depreciation	Net Book Value	Net Book Value
					Depreciation	Depreciation				
Computer equipment	\$ 85,578	\$ -	\$ -	\$ 85,578	\$ 80,765	\$ 1,447	\$ -	\$ 82,212	\$ 3,366	\$ 4,813
Furniture and equipment	41,655	-	-	41,655	32,403	1,850	-	34,253	7,402	9,252
Infrastructure										
Buildings	1,962,033	117,811	-	2,079,844	338,639	67,291	-	405,930	1,673,914	1,623,394
School	1,477,542	-	-	1,477,542	738,498	29,562	-	768,060	709,482	739,044
Power and utilities	348,408	-	-	348,408	150,066	7,933	-	157,999	190,409	198,342
Roads	358,034	-	-	358,034	89,134	10,756	-	99,890	258,144	268,900
Water supply	562,982	104,785	-	667,767	125,823	19,581	-	145,404	522,363	437,159
Equipment	6,619	4,524	-	11,143	3,570	1,062	-	4,632	6,511	3,049
Signage	3,395	-	-	3,395	1,831	313	-	2,144	1,251	1,564
Mobile equipment	-	-	-	-	-	-	-	-	-	-
	<b>\$ 4,846,246</b>	<b>\$ 227,120</b>	<b>\$ -</b>	<b>\$ 5,073,366</b>	<b>\$ 1,560,729</b>	<b>\$ 139,795</b>	<b>\$ -</b>	<b>\$ 1,700,524</b>	<b>\$ 3,372,842</b>	<b>\$ 3,285,517</b>

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# Lhoosk'uz Dene Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2015

See Auditor's Report

### 8. ACCUMULATED SURPLUS

	2015	2014
<b>RESTRICTED</b>		
Opening balance	\$ 78,637	\$ 80,448
Net changes		
Operating Fund	3,590	(3,406)
Trust Fund	1,507	1,595
<hr/>		
Closing balance	<b>83,734</b>	<b>78,637</b>
 <b>UNRESTRICTED</b>		
Opening balance	5,252,847	4,811,789
Net changes		
Operating Fund	(14,379)	461,430
Investment Fund	24,458	(20,372)
<hr/>		
Closing balance	<b>5,262,926</b>	<b>5,252,847</b>
<hr/>		
<b>TOTAL RESTRICTED AND UNRESTRICTED</b>	<b>\$ 5,346,660</b>	<b>\$ 5,331,484</b>

### 9. BUDGET INFORMATION

The budget information disclosed has been approved by the Lhoosk'uz Dene Nation 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