



**Lhoosk'uz Dene Nation  
Financial Statements**

**March 31, 2016**

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# **Lhoosk'uz Dene Nation**

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**For the year ended March 31, 2016**

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Lhoosk'uz Dene Nation  
MARCH 31, 2016

#### **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.

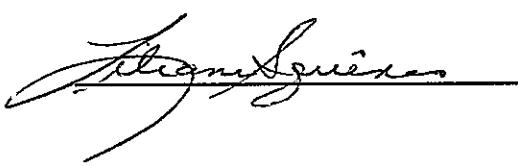
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada and as such include amounts that are the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



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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, 2016, 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, 2016, 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 5, 2016

*Rileyne Chang Hagloch*  
Chartered Professional Accountants

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# Lhoosk'uz Dene Nation

## SUMMARY STATEMENT OF FINANCIAL POSITION

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As at March 31, 2016

Statement 1

	2016	2015
<b>Financial assets</b>		
Cash - Note 3	\$ 649,280	\$ 288,658
Accounts receivable - Note 4	625,135	152,788
Investments - Note 5	1,331,338	1,679,792
Trust moneys - Note 6	42,531	41,127
	<b>2,648,284</b>	2,162,365
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	119,718	105,387
Government balances payable	90,541	93,975
Deferred revenue - Note 7	19,917	2,071
	<b>230,176</b>	201,433
<b>Net financial assets</b>	<b>2,418,108</b>	1,960,932
<b>Non-financial assets</b>		
Tangible capital assets - Note 8	3,688,188	3,372,842
Prepaid expenses and deposits	5,709	12,886
	<b>3,693,897</b>	3,385,728
<b>Accumulated surplus - Note 9</b>	<b>\$ 6,112,005</b>	\$ 5,346,660

See accompanying notes

On behalf of Chief and Council:

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

**For the year ended March 31, 2016** **Statement 2**

	<b>2016 Budget</b>	<b>2016 Actual</b>	2015 Actual
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	\$ 1,410,512	\$ 1,457,520	\$ 1,236,734
First Nations Health Authority / Health Canada	451,715	446,193	390,543
Cariboo Chilcotin Aboriginal Training Education Centre	37,479	42,268	67,807
Contribution from New Gold Inc.	-	487,339	377,743
Forestry activities	-	-	60,062
Miscellaneous income	25,000	51,298	69,503
Trust income	-	1,404	1,507
Province of British Columbia	57,292	57,292	56,920
Investment income from government business ente	-	532,024	182,221
First Nation Education Steering Committee	38,854	39,869	30,734
	<b>2,020,852</b>	<b>3,115,207</b>	2,473,774
<b>Expenses</b>			
Local government services	174,128	365,845	317,286
Community infrastructure	239,783	278,868	249,588
Cultural services	10,000	-	10,772
Economic development	14,834	494,091	586,488
Education and training	436,733	469,219	497,830
Health	446,836	353,182	418,940
Social programs	229,338	145,264	124,898
Capital projects	200,000	145,432	119,985
	<b>1,751,652</b>	<b>2,251,901</b>	2,325,787
<b>Annual surplus</b>	<b>269,200</b>	<b>863,306</b>	147,987
<b>Accumulated surplus, beginning of year</b>		<b>5,346,660</b>	5,331,484
<b>Recoveries</b>		<b>(97,961)</b>	(132,811)
<b>Accumulated surplus, end of year</b>		<b>\$ 6,112,005</b>	\$ 5,346,660

See accompanying notes

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

**For the year ended March 31, 2016**

**Statement 3**

	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
<b>Annual surplus</b>	<b>\$ 269,200</b>	<b>\$ 863,306</b>	<b>\$ 147,987</b>
<b>Recoveries in the year</b>	<b>(97,961)</b>	<b>(97,961)</b>	<b>(132,811)</b>
	<b>171,239</b>	<b>765,345</b>	<b>15,176</b>
<b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets	(200,000)	(463,178)	(227,120)
Amortization of tangible capital assets	139,000	147,832	139,795
	<b>(61,000)</b>	<b>(315,346)</b>	<b>(87,325)</b>
<b>Changes in other non-financial assets</b>			
Prepaid expenses and deposits	-	7,177	(4,690)
	<b>-</b>	<b>7,177</b>	<b>(4,690)</b>
<b>Increase (decrease) in net financial assets</b>	<b>110,239</b>	<b>457,176</b>	<b>(76,839)</b>
<b>Net financial assets at beginning of year</b>	<b>1,960,932</b>	<b>1,960,932</b>	<b>2,037,771</b>
<b>Net financial assets at end of year</b>	<b>\$ 2,071,171</b>	<b>\$ 2,418,108</b>	<b>\$ 1,960,932</b>

*See accompanying notes*

# **Lhoosk'uz Dene Nation**

## **SUMMARY STATEMENT OF CASH FLOWS**

**For the year ended March 31, 2016**

## Statement 4

2016 2015

## OPERATING ACTIVITIES

Revenue received	\$ 2,551,317	\$ 2,589,446
Expenses paid	(2,085,995)	(2,346,303)
<b>Cash provided by operating activities</b>	<b>465,322</b>	<b>243,143</b>

## INVESTING ACTIVITIES

Advances from (to) investments	<b>358,478</b>	(74,282)
Purchase and construction of capital assets	<b>(463,178)</b>	(227,120)
<b>Cash used in investing activities</b>	<b>(104,700)</b>	(301,402)

<b>Increase (decrease) in cash during the year</b>	<b>360,622</b>	<b>(58,259)</b>
<b>Cash, beginning of year</b>	<b>288,658</b>	<b>346,917</b>
<b>Cash, end of year</b>	<b>\$ 649,280</b>	<b>\$ 288,658</b>

*See accompanying notes*

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# Lhoosk'uz Dene Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2016

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### **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
- 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, 2016

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, 2016

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 Indigenous and Northern Affairs Canada.

### 3. CASH

	2016	2015
Cash is comprised of the following:		
Cash and cash equivalents.	\$ 468,136	\$ 147,144
\$180,000 guaranteed investment certificate with annual interest rate of 2.35% and matures on December 16, 2018 with an annual anniversary distribution of \$60,000.	181,144	241,514
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)	
	<hr/> <b>\$ 649,280</b>	<hr/> <b>\$ 288,658</b>

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

**March 31, 2016**

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**4. ACCOUNTS RECEIVABLE**

	<b>2016</b>	<b>2015</b>
Accounts receivable is comprised of the following:		
Indigenous and Northern Affairs Canada	\$ 3,948	\$ 60,364
Band members' loans	3,953	3,738
Band members' loans' allowances	(17,042)	(3,738)
Accrued receivable from wholly owned corporation	522,000	-
Other	112,276	92,424
	<b>\$ 625,135</b>	<b>\$ 152,788</b>

**5. INVESTMENTS**

	<b>2016</b>	<b>2015</b>
Kluskus Management Holdings Ltd.		
Shares	200	200
Accumulated equity	(872)	(1,046)
Advances	165,995	502,797
	<b>165,323</b>	<b>501,951</b>
0886366 B.C. Ltd.		
Shares	100	100
Accumulated equity	(147,352)	(124,724)
Advances	537,112	561,353
	<b>389,860</b>	<b>436,729</b>
Lhoosk'uz Management Ltd.		
Shares	1	1
Accumulated equity	(4,170)	(3,296)
Advances	61,045	61,399
	<b>56,876</b>	<b>58,104</b>
Lhoosk'uz Development Group Limited Partnership		
Accumulated equity	<b>437,636</b>	404,284
Dene Development Corp. (a 33.3% interest)		
Shares	1	1
Advances	30,405	27,486
	<b>30,406</b>	<b>27,487</b>
Subtotal	<b>\$ 1,080,101</b>	<b>\$ 1,428,555</b>

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# Lhoosk'uz Dene Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2016

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### 5. Continued...

Balance forward	\$ 1,080,101	\$ 1,428,555
Castle Mountain Hydro Ltd. (a 2.5% interest)		
Shares	251,237	251,237
	<u>251,237</u>	<u>251,237</u>
	<u><u>\$ 1,331,338</u></u>	<u><u>\$ 1,679,792</u></u>

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:

	Assets	Liabilities	Revenue	Net Income (Loss)
0886366 B.C. Ltd.				
March 31, 2016	\$ 410,546	\$ 557,798	\$ 7,200	\$ (22,628)
Kluskus Management Holdings Ltd.				
March 31, 2016	\$ 738,983	\$ 739,655	\$ 604,767	\$ 174
Lhoosk'uz Management Ltd.				
March 31, 2016	\$ 57,286	\$ 61,455	\$ 33	\$ (874)
Lhoosk'uz Development Group Limited Partnership				
March 31, 2016	\$ 478,790	\$ 40,635	\$ 115,522	\$ 33,385

### 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 Nation**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2016

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**7. DEFERRED REVENUE**

	2016	2015
Shelter deductions from next months Social Development recipients	\$ 2,582	\$ 2,071
Indigenous and Northern Affairs Canada		
Deferred Capital Project revenues		
CPMS # 11297	17,335	-
	\$ 19,917	\$ 2,071

**8. TANGIBLE CAPITAL ASSETS**

	2016										2015		
	Beginning Cost	Additions	Disposals	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposals	Ending Accumulated Depreciation	Net Book Value	Net Book Value			
Computer equipment	\$ 85,578	\$ 2,674	\$ 2,555	\$ 85,697	\$ 82,212	\$ 1,417	\$ 2,555	\$ 81,074	\$ 4,623	\$ 3,366			
Furniture and equipment	41,655	-	-	41,655	34,253	1,483	-	35,736	5,919	7,402			
Infrastructure													
Buildings	2,079,844	(7,130)	-	2,072,714	405,930	66,813	-	472,743	1,599,971	1,673,914			
School	1,477,542	-	-	1,477,542	768,060	28,379	-	796,439	681,103	709,482			
Power and utilities	348,408	-	-	348,408	157,999	7,615	-	165,614	182,794	190,409			
Roads	358,034	-	-	358,034	99,890	10,326	-	110,216	247,818	258,144			
Water supply	667,767	467,634	-	1,135,401	145,404	30,247	-	175,651	959,750	522,363			
Equipment	11,143	-	-	11,143	4,632	1,302	-	5,934	5,209	6,511			
Signage	3,395	-	-	3,395	2,144	250	-	2,394	1,001	1,251			
Mobile equipment	-	-	-	-	-	-	-	-	-	-			
	<b>\$ 5,073,366</b>	<b>\$ 463,178</b>	<b>\$ 2,555</b>	<b>\$ 5,533,989</b>	<b>\$ 1,700,524</b>	<b>\$ 147,832</b>	<b>\$ 2,555</b>	<b>\$ 1,845,801</b>	<b>\$ 3,688,188</b>	<b>\$ 3,372,842</b>			

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# Lhoosk'uz Dene Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2016

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### 9. ACCUMULATED SURPLUS

	2016	2015
<b>RESTRICTED</b>		
Opening balance	\$ 83,734	\$ 78,637
Net changes		
Operating Fund	(35,704)	3,590
Trust Fund	1,404	1,507
<b>Closing balance</b>	<b>49,434</b>	<b>83,734</b>
<b>UNRESTRICTED</b>		
Opening balance	5,262,926	5,252,847
Net changes		
Operating Fund	789,621	(14,379)
Investment Fund	10,024	24,458
<b>Closing balance</b>	<b>6,062,571</b>	<b>5,262,926</b>
<b>TOTAL RESTRICTED AND UNRESTRICTED</b>	<b>\$ 6,112,005</b>	<b>\$ 5,346,660</b>

### 10. 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 determined.