



**Lhoosk'uz Dene Nation
Financial Statements**

March 31, 2019



Lhoosk'uz Dene Nation

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For the year ended March 31, 2019

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Lhoosk'uz Dene Nation
MARCH 31, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

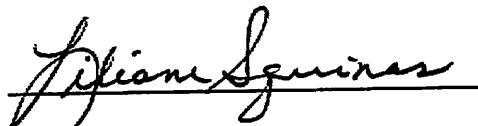
The summary financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada and as such include amounts that are the best 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 summary 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 summary 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 summary financial statements. The external auditors have full and free access to financial management of Lhoosk'uz Dene Nation and meet when required.



INDEPENDENT AUDITOR'S REPORT

To: The Members of Lhoosk'uz Dene Nation

Report on the Audit of the Summary Financial Statements

We have audited the summary financial statements of Lhoosk'uz Dene Nation, which comprise the summary statement of financial position as at March 31, 2019 and March 31, 2018, and the summary statements of income, changes in equity and cash flows for the years then ended, and notes to the summary financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lhoosk'uz Dene Nation as at March 31, 2019 and March 31, 2018, and its financial performance and its cash flows for the year then ended 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 Professional Accountants.

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 Summary Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 Summary Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 Professional Accountants, 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Summary Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 for 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, super-vision and performance of the group audit. We remain solely responsible for our audit opinion.



- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jason Haylock, CPA, CA.

Port Coquitlam, B.C.
July 17, 2019

Rileyu Chang Haylock
Chartered Professional Accountants

Lhoosk'uz Dene Nation
SUMMARY STATEMENT OF FINANCIAL POSITION

As at March 31, 2019

Statement 1

	2019	2018
Financial assets		
Cash - Note 3	\$ 1,199,269	\$ 1,018,599
Accounts receivable - Note 4	1,164,988	953,462
Investments - Note 5	2,854,710	2,199,424
Trust moneys - Note 6	47,024	45,436
	5,265,991	4,216,921
Financial liabilities		
Accounts payable and accrued liabilities	311,383	225,968
Government balances payable	35,647	58,045
Deferred revenue - Note 7	74,584	132,228
	421,614	416,241
Net financial assets	4,844,377	3,800,680
Non-financial assets		
Tangible capital assets - Note 8	4,116,424	3,718,240
Prepaid expenses and deposits	11,708	17,730
	4,128,132	3,735,970
Accumulated surplus - Note 9	\$ 8,972,509	\$ 7,536,650

Contingent liabilities - Note 10

See accompanying notes

On behalf of Chief and Council:




Lhoosk'uz Dene Nation
SUMMARY STATEMENT OF OPERATIONS

For the year ended March 31, 2019

Statement 2

	2019 Budget	2019 Actual	2018 Actual
Revenue			
Operating Fund			
Indigenous Services Canada	\$ 2,094,305	\$ 1,849,903	\$ 1,160,314
First Nations Health Authority	-	595,026	566,041
Canada Mortgage Housing Corporation	125,000	125,000	-
Cariboo Chilcotin Aboriginal Training Education Centre	13,231	13,231	-
Contribution from New Gold Inc.	-	535,602	611,105
Forestry activities	-	6,691	26,520
Province of British Columbia	-	234,441	129,572
First Nation Education Steering Committee	-	16,611	45,508
Miscellaneous income	-	154,421	286,092
Trust Fund	-	1,588	1,531
Investment Fund	-	791,151	858,059
	2,232,536	4,323,665	3,684,742
Expenses			
Operating Fund			
Local government services	174,106	401,288	430,721
Community infrastructure	464,679	259,239	399,792
Cultural services	-	1,317	-
Economic development	15,031	896,558	697,014
Education and training	639,755	553,953	298,331
Health	596,126	298,566	403,822
Social programs	391,024	304,216	249,553
Capital projects	281,169	176,252	165,600
	2,561,890	2,891,389	2,644,833
Annual surplus	(329,354)	1,432,276	1,039,909
Accumulated surplus, beginning of year		7,536,650	6,461,766
Reimbursements		3,583	34,975
Accumulated surplus, end of year		\$ 8,972,509	\$ 7,536,650

See accompanying notes

Lhoosk'uz Dene Nation
SUMMARY STATEMENT OF NET FINANCIAL ASSETS

For the year ended March 31, 2019

Statement 3

	2019 Budget	2019 Actual	2018 Actual
Annual surplus	\$ (329,354)	\$ 1,432,276	\$ 1,039,909
Reimbursements in the year	3,583	3,583	34,975
	(325,771)	1,435,859	1,074,884
Changes in tangible capital assets			
Acquisition of tangible capital assets	(281,169)	(574,436)	(197,196)
Amortization of tangible capital assets	-	176,252	165,600
	(281,169)	(398,184)	(31,596)
Changes in other non-financial assets			
Prepaid expenses and deposits	-	6,022	(9,869)
	-	6,022	(9,869)
Increase in net financial assets	(606,940)	1,043,697	1,033,419
Net financial assets at beginning of year	3,800,680	3,800,680	2,767,261
Net financial assets at end of year	\$ 3,193,740	\$ 4,844,377	\$ 3,800,680

See accompanying notes

Lhoosk'uz Dene Nation

SUMMARY STATEMENT OF CASH FLOWS

For the year ended March 31, 2019

Statement 4

2019

2018

OPERATING ACTIVITIES

Revenue received	\$ 4,062,589	\$ 3,626,535
Expenses paid	(2,646,098)	(2,644,146)
Cash provided by operating activities	1,416,491	982,389

INVESTING ACTIVITIES

Advances to investments	(661,385)	(426,725)
Purchase and construction of capital assets	(574,436)	(197,196)
Cash used in investing activities	(1,235,821)	(623,921)

Increase in cash during the year	180,670	358,468
Cash, beginning of year	1,018,599	660,131
Cash, end of year	\$ 1,199,269	\$ 1,018,599

See accompanying notes

Lhoosk'uz Dene Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

See Auditor's Report

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The Lhoosk'uz Dene Nation (First Nation) is located in Kluskus, British Columbia, and provides various services to its members.

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

a) Fund accounting

The Lhoosk'uz Dene Nation 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 Nation 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 Nation reporting entity includes the Lhoosk'uz Dene Nation 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 Nation Operating Fund,
- Lhoosk'uz Dene Nation Trust Fund,
- Lhoosk'uz Dene Nation 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.

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.

Lhoosk'uz Dene Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

See Auditor's Report

1. Continued ...

b) Reporting entity and principles of financial reporting

Investments in incorporated business entities and unincorporated business partnerships where the Lhoosk'uz Dene Nation has significant influence or control are included in the summary financial statements using the modified equity method. These include:

- Dene Development Corp. (33.3% interest)
- Lhoosk'uz Ulkatcho Holdings Limited Partnership (50% interest)
- Lhoosk'uz Development Group Limited Partnership (100% interest)
- Lhoosk'uz Management Ltd. (100% interest)
- 0886366 B.C. Ltd. (100% interest)
- Kluskus Management Holdings Ltd. (100% interest)

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 Nation 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 Nation 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 Nation 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.

Lhoosk'uz Dene Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

See Auditor's Report

1. Continued ...

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%

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.

i) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reported period. Actual results could differ from the estimates.

j) Comparative figures

Certain of the prior year's comparative amounts have been reclassified where necessary to conform to the current year's presentation.

2. ECONOMIC DEPENDENCE

The Lhoosk'uz Dene Nation receives a major portion of its revenue pursuant to a funding arrangement with Indigenous Services Canada.

Lhoosk'uz Dene Nation
NOTES TO FINANCIAL STATEMENTS

March 31, 2019 **See Auditor's Report**

3. CASH

	2019	2018
Cash is comprised of the following:		
Cash and cash equivalents.	\$ 990,037	\$ 830,265
\$65,589 guaranteed investment certificate with annual interest rate of 0.50%, maturing on January 25, 2020.	65,648	64,774
\$62,820 guaranteed investment certificate with annual interest rate of 2.10%, maturing February 15, 2020.	93,042	-
\$50,256 guaranteed investment certificate with annual interest rate of 2.10%, maturing December 23, 2023.	50,542	-
Guaranteed investment certificate.	-	60,382
Guaranteed investment certificate.	-	63,178
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.	-	-
	\$ 1,199,269	\$ 1,018,599

4. ACCOUNTS RECEIVABLE

	2019	2018
Accounts receivable is comprised of the following:		
Band members' loans	\$ 5,709	\$ 4,704
Band members' loans' allowances	(5,709)	(4,704)
Accrued receivable from wholly owned corporation	797,250	751,500
Other	378,865	213,470
Allowance for doubtful accounts	(11,127)	(11,508)
	\$ 1,164,988	\$ 953,462

Lhoosk'uz Dene Nation
NOTES TO FINANCIAL STATEMENTS

March 31, 2019 **See Auditor's Report**

5. INVESTMENTS

	2019	2018
Kluskus Management Holdings Ltd.		
Shares	200	200
Accumulated equity	(595)	(408)
Advances	<u>1,746,097</u>	998,420
	1,745,702	998,212
0886366 B.C. Ltd.		
Shares	100	100
Accumulated equity	(167,449)	(163,517)
Advances	<u>473,212</u>	494,512
	305,863	331,095
Lhoosk'uz Management Ltd.		
Shares	1	1
Accumulated equity	(8,281)	(6,964)
Advances	<u>16,045</u>	61,045
	7,765	54,082
Lhoosk'uz Development Group Limited Partnership		
Accumulated equity	<u>555,237</u>	558,392
Advances	-	-
	555,237	558,392
Dene Development Corp. (a 33.3% interest)		
Shares	1	1
Advances	<u>30,405</u>	30,405
	30,406	30,406
Lhoosk'uz Ulkatcho Holdings Limited Partnership (a 50% interest)		
Advances	<u>1,000</u>	1,000
Castle Mountain Hydro Ltd. (a 2.5% interest)		
Shares	<u>208,737</u>	226,237
	\$ 2,854,710	\$ 2,199,424

Lhoosk'uz Dene Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

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5. Continued...

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, 2019	\$ 321,301	\$ 488,650	\$ 32,500	\$ (3,932)
Kluskus Management Holdings Ltd.				
March 31, 2019	\$ 2,543,952	\$ 2,544,347	\$ 794,439	\$ (187)
Lhoosk'uz Management Ltd.				
March 31, 2019	\$ 37,092	\$ 45,363	\$ 8	\$ (1,308)
Lhoosk'uz Development Group Limited Partnership				
March 31, 2019	\$ 566,331	\$ 1,450	\$ 59,506	\$ 8,343

6. TRUST MONEY

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, 2019

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7. DEFERRED REVENUE

	2019	2018
Shelter deductions from next months Social Development recipients	\$ 2,070	\$ 2,135
Province of British Columbia		
Blackwater Permitting Collaboration	- 16,000	
Wildfire Recovery Strategy	- 50,000	
Indigenous Services Canada		
Deferred Capital Project revenues		
ICMS # 9 - 00126073	41,615 64,093	
CPMS # 6021	30,899 -	
	\$ 74,584	\$ 132,228

8. TANGIBLE CAPITAL ASSETS

	2019							2018		
	Beginning Cost	Additions	Disposals	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposals	Ending Accumulated Depreciation	Net Book Value	Net Book Value
Computer equipment	\$ 95,870	\$ 36,806	\$ -	\$ 132,676	\$ 87,552	\$ 8,015	\$ -	\$ 95,567	\$ 37,109	\$ 8,318
Furniture and equipment	44,330	-	-	44,330	38,138	1,237	-	39,375	4,955	6,192
Infrastructure										
Buildings	2,288,414	298,653	-	2,587,067	604,867	73,314	-	678,181	1,908,886	1,683,547
School	1,509,211	(229)	-	1,508,982	851,713	26,295	-	878,008	630,974	657,498
Power and utilities	190,808	93,737	-	284,545	47,491	7,608	-	55,099	229,446	143,317
Roads	358,034	-	-	358,034	129,644	9,135	-	138,779	219,255	228,390
Water supply	1,194,762	145,469	-	1,340,231	254,410	40,523	-	294,933	1,045,298	940,352
Equipment	75,938	-	-	75,938	25,952	9,997	-	35,949	39,989	49,986
Signage	3,395	-	-	3,395	2,755	128	-	2,883	512	640
	\$ 5,760,762	\$ 574,436	\$ -	\$ 6,335,198	\$ 2,042,522	\$ 176,252	\$ -	\$ 2,218,774	\$ 4,116,424	\$ 3,718,240

Lhoosk'uz Dene Nation
NOTES TO FINANCIAL STATEMENTS

March 31, 2019

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9. ACCUMULATED SURPLUS

	2019	2018
RESTRICTED		
Opening balance	\$ 52,339	\$ 50,808
Net changes	-	-
Operating Fund	1,588	1,531
Trust Fund	1,588	1,531
Closing balance	53,927	52,339
UNRESTRICTED		
Opening balance	7,484,311	6,410,958
Net changes	1,440,370	966,794
Operating Fund	(6,099)	106,559
Investment Fund	8,918,582	7,484,311
TOTAL RESTRICTED AND UNRESTRICTED	\$ 8,972,509	\$ 7,536,650
Represented by:		
Operating Fund (Schedule 1)	\$ 7,879,679	\$ 6,439,309
Trust Fund (Schedule 6)	47,024	45,436
Investment Fund (Schedule 8)	1,045,806	1,051,905
	\$ 8,972,509	\$ 7,536,650

Lhoosk'uz Dene Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

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10. CONTINGENT LIABILITIES

During the year, the First Nation entered into three forgivable loan agreements with Canada Mortgage and Housing Corporation (CMHC) under the Residential Rehabilitation Assistance Program, totalling \$125,000, for renovations to housing units owned by the First Nation. The forgivable loans are earned out over a 4 year period, with the conditions that the First Nation continues to own the housing units and that they are occupied by band members with a total household income at or below the income threshold set by CMHC during the 4 years. If the First Nation sells, transfers, or ceases to operate the properties before the maturity dates, the unearned forgivable loans plus interest will immediately become due and payable.

No liability has been recorded related to these forgivable loans, as the First Nation has continued to own and operate these housing units under the terms of their agreement with CMHC.

The details of the forgivable loans are as follows:

\$43,235 forgivable loan at an interest rate of 3.375%, with an interest adjustment date of January 1, 2019, earned out at a rate of \$901 per month, maturing January 1, 2023.

\$36,930 forgivable loan at an interest rate of 3.875%, with an interest adjustment date of January 1, 2019, earned out at a rate of \$769 per month, maturing January 1, 2023.

\$44,835 forgivable loan at an interest rate of 3.875%, with an interest adjustment date of February 1, 2019, earned out at a rate of \$934 per month, maturing February 1, 2023.

11. 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.

Budgeted figures are unaudited and have been derived from the estimates approved by Chief and Council for comparison purposes.

Lhoosk'uz Dene Nation
NOTES TO FINANCIAL STATEMENTS

March 31, 2019

See Auditor's Report

12. CONSOLIDATED EXPENSES BY OBJECT

Consolidated expenses by object	2019	2018
Administration	\$ -	\$ 3,084
Advertising	1,072	-
Bad debts	24,491	9,605
Bank charges and interest	7,311	5,710
Contracts	227,319	199,159
Depreciation	176,252	165,600
Donations	22,580	9,081
Equipment rental	20,912	73,693
Freight and fuel	140,256	117,981
Honoraria	162,650	163,176
Insurance	23,039	21,259
Management fees	118,983	108,980
Medical travel	6,837	19,958
Office and miscellaneous	22,110	22,676
Professional fees	352,035	346,468
Rent	21,300	21,300
Repairs and maintenance	111,836	51,427
Social assistance	107,664	131,178
Special events	59,583	39,626
Student expenses	103,653	143,095
Supplies	153,287	205,434
Telephone	16,823	12,585
Travel	198,877	166,889
Tuition	21,239	19,418
Utilities	3,570	2,960
Wages and benefits	521,045	546,274
Workshops and training	266,665	38,217
	<hr/> \$ 2,891,389	<hr/> \$ 2,644,833

Lhoosk'uz Dene Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

See Auditor's Report

13. RELATED PARTY TRANSACTIONS

The financial statements include the following transactions recorded at the exchange amount with related parties:

	2019	2018
0886366 B.C. Ltd. - controlled entity		
Rent paid	<u>\$ 21,300</u>	<u>\$ 21,300</u>
 Kluskus Management Holdings Ltd. - controlled entity		
Management fees received	<u>\$ 797,250</u>	<u>\$ 751,500</u>
 Carrier Chilcotin Tribal Council - related entity		
Contractor income received	<u>\$ 23,100</u>	\$ 23,100
Meetings, travel, workshops, and training reimbursements	<u>-</u>	123
Indian Registry Administration funding received	<u>5,000</u>	5,000
Fire Protection funding received	<u>840</u>	780
	<u>\$ 28,940</u>	<u>\$ 29,003</u>

The First Nation is a member band of the Carrier Chilcotin Tribal Council. The Chief of the First Nation is a Director of the Tribal Council.

Southern Dakelh Nation Alliance Society - related entity		
Professional fees received	<u>\$ 6,300</u>	\$ -
Travel reimbursements	<u>3,500</u>	-
	<u>\$ 9,800</u>	<u>\$ -</u>

The First Nation is a member band of the Southern Dakelh Nation Alliance Society. The Chief of the First Nation is a Director of the Society.

Lhoosk'uz Dene Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

See Auditor's Report

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risk management policy

The Lhoosk'uz Dene Nation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2019.

Credit risk

The carrying value of the Lhoosk'uz Dene Nation's main financial assets represents the maximum credit risk to which the band is exposed.

The Lhoosk'uz Dene Nation's credit risk is due mainly to its loans receivable. The balance sheet amounts are presented net of the allowance for impaired loans, which management estimates based on past experience and its assessment of current economic conditions. The Lhoosk'uz Dene Nation believes that its loans receivable credit risk is limited because the Lhoosk'uz Dene Nation recognizes a specific allowance for accounts receivable when the management considers the expected amount to be collected is lower than the actual amount receivable.

Liquidity risk

The Lhoosk'uz Dene Nation considers that it has sufficient credit facilities to ensure that funds are available to meet its current and long-term financial needs, at a reasonable cost.

Market risk

The Lhoosk'uz Dene Nation is exposed to interest rate risk on its fixed-interest and variable-interest financial instruments. Fixed-interest instruments subject the company to a fair value risk while the variable-interest instruments subject it to a cash flow risk.

The financial liabilities as at March 31, 2019 all have contractual maturities of one year or less.

Fair value

The carrying value of the Lhoosk'uz Dene Nation's main financial assets represents the maximum credit risk to which the company is exposed.

The fair value of a financial instrument corresponds to the amount of the consideration agreed upon by two willing parties in a non-arm's length transaction. Lhoosk'uz Dene Nation uses the following methods and assumptions to estimate the fair value of each category of financial instruments, the carrying amounts of which are included in the consolidated balance sheet as follows:

Cash, accounts receivables and trust moneys – The carrying amounts included in the balance sheet approximate fair values.

Accounts payable and accrued expenses – The carrying amount included in the balance sheet approximates fair value, given the short-term maturity of the instrument.