



**Lhoosk'uz Dene Nation
Financial Statements**

March 31, 2022



Lhoosk'uz Dene Nation

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For the year ended March 31, 2022

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Lhoosk'uz Dene Nation
MARCH 31, 2022

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

Opinion

We have audited the summary financial statements of Lhoosk'uz Dene Nation, which comprise the summary statement of financial position as at March 31, 2022 and March 31, 2021, and the summary statements of remeasurement gains and losses, operations, net financial assets 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 accompanying financial statements present fairly, in all material respects, the financial position of Lhoosk'uz Dene Nation as at March 31, 2022 and March 31, 2021, 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, supervision 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.
February 27, 2023

Ribeyre Chang Haylock
Chartered Professional Accountants

Lhoosk'uz Dene Nation

SUMMARY STATEMENT OF FINANCIAL POSITION

As at March 31, 2022

Statement 1

2022 202

Financial assets

Cash - Note 3	\$ 6,120,935	\$ 4,507,955
Marketable securities - Note 4	3,405,780	2,802,576
Accounts receivable - Note 5	1,888,308	2,209,056
Investments - Note 6	6,170,774	4,577,196
Trust moneys - Note 7	50,924	49,437
	17,636,721	14,146,220

Financial liabilities

Accounts payable and accrued liabilities	166,200	262,372
Government balances payable - Note 8	207,237	230,139
Deferred revenue - Note 9	3,767,095	2,756,545
	4,140,532	3,249,056

Net financial assets

13,496,189 10,897,164

Non-financial assets

Non-financial assets		
Tangible capital assets - Note 10	7,394,162	5,952,859
Prepaid expenses and deposits	120,740	97,189
	7,514,902	6,050,048

Accumulated surplus - Note 11

\$ 21,011,091 \$ 16,947,212

Accumulated surplus is comprised of:

Accumulated operations surplus	\$ 19,939,497	\$ 16,447,110
Accumulated remeasurement gains	1,071,594	500,102
	\$ 21,011,091	\$ 16,947,212

See accompanying notes

On behalf of Chief and Council:



Visit By 8

Lhoosk'uz Dene Nation

**SUMMARY STATEMENT OF REMEASUREMENT
GAINS AND LOSSES**

For the year ended March 31, 2022

Statement 2

2022 2021

Accumulated remeasurement gains (losses), beginning of year	\$ 500,102	\$ (876,837)
Unrealized gains attributable to:		
Marketable securities	571,492	1,659,094
Amounts reclassified to Summary Statement of Operations		
Marketable securities	-	(282,155)
Net remeasurement gains for the year	571,492	1,376,939
Accumulated remeasurement gains, end of year	\$ 1,071,594	\$ 500,102

See accompanying notes

Lhoosk'uz Dene Nation

SUMMARY STATEMENT OF OPERATIONS

For the year ended March 31, 2022		Statement 3		
		2022 Budget	2022 Actual	2021 Actual
Revenue				
Operating Fund				
Indigenous Services Canada	\$ 2,595,193	\$ 2,595,193	\$ 3,437,082	
First Nations Health Authority	572,239	670,350	666,230	
BC First Nations Gaming Revenue Sharing	306,212	306,212	541,148	
Cariboo Chilcotin Aboriginal Training Education Centre	-	24,549	21,656	
Contribution from New Gold/Artemis Gold	-	343,891	315,540	
Economic initiatives	-	395	1,067	
Province of British Columbia	-	56,449	128,964	
First Nation Education Steering Committee	-	55,326	67,443	
New Relationship Trust	-	60,000	240,000	
Canada Mortgage and Housing Corporation	-	1,079,509	-	
Fraser Basin Council	-	350,000	-	
Natural Resources Canada	-	-	807,500	
Miscellaneous	-	382,011	355,939	
Recoveries	-	(31,276)	(97,216)	
Deferred revenue in	-	2,754,475	552,824	
Deferred revenue out	-	(3,764,384)	(2,754,475)	
Investment income	-	31,712	302,474	
Trust Fund			1,487	1,107
Investment Fund			1,438,332	1,425,016
		<u>3,473,644</u>	<u>6,354,231</u>	<u>6,012,299</u>
Expenses - Note 13				
Operating Fund				
Local government services	186,542	355,075	467,538	
Community infrastructure	516,981	363,566	207,572	
Economic development	42,559	859,576	650,762	
Education and training	864,299	317,126	399,019	
Health	572,239	296,763	317,058	
Social programs	815,455	259,544	283,175	
Capital projects	353,062	410,194	294,525	
	<u>3,351,137</u>	<u>2,861,844</u>	<u>2,619,649</u>	
Annual operations surplus	122,507	3,492,387	3,392,650	
Accumulated operations surplus, beginning of year		16,447,110	13,054,460	
Accumulated operations surplus, end of year		\$ 19,939,497	\$ 16,447,110	

See accompanying notes

Lhoosk'uz Dene Nation
SUMMARY STATEMENT OF NET FINANCIAL ASSETS

For the year ended March 31, 2022 **Statement 4**

	2022 Budget	2022 Actual	2021 Actual
Annual surplus	\$ 122,507	\$ 3,492,387	\$ 3,392,650
Changes in tangible capital assets			
Acquisition of tangible capital assets	(353,062)	(1,840,580)	(1,654,260)
Amortization of tangible capital assets	-	399,277	240,706
	(353,062)	(1,441,303)	(1,413,554)
Changes in other non-financial assets			
Prepaid expenses and deposits	-	(23,551)	(50,453)
	-	(23,551)	(50,453)
Net remeasurement gains (losses)	-	571,492	1,376,939
Increase in net financial assets	(230,555)	2,599,025	3,305,582
Net financial assets at beginning of year	10,897,164	10,897,164	7,591,582
Net financial assets at end of year	\$ 10,666,609	\$ 13,496,189	\$ 10,897,164

See accompanying notes

Lhoosk'uz Dene Nation

SUMMARY STATEMENT OF CASH FLOWS

For the year ended March 31, 2022

Statement 5

2022

2021

OPERATING ACTIVITIES

Revenue received	\$ 7,166,998	\$ 6,616,713
Expenses paid	(2,605,192)	(2,312,669)
Cash provided by operating activities	4,561,806	4,304,044

INVESTING ACTIVITIES

Advances to investments	(1,108,246)	(422,536)
Purchase and construction of capital assets	(1,840,580)	(1,654,260)
Cash used in investing activities	(2,948,826)	(2,076,796)

Increase in cash during the year	1,612,980	2,227,248
Cash, beginning of year	4,507,955	2,280,707
Cash, end of year	\$ 6,120,935	\$ 4,507,955

See accompanying notes

Lhoosk'uz Dene Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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 public sector accounting standards for local government entities, as defined in the Canadian Institute of Chartered Professional Accountants 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 operations 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.

Investments in incorporated business entities and unincorporated business partnerships where the Lhoosk'uz Dene Nation does not have significant influence or control are included in the summary financial statements using the cost method. These include:

- BCFN GRS GP Ltd. (nominal interest)
- BC First Nations Gaming Revenue Sharing Limited Partnership (nominal interest)
- Castle Mountain Hydro Ltd. (2.5% interest)

Lhoosk'uz Dene Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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 consumed in the normal course of operations. The indicator of financial assets is determined by deducting the financial liabilities of the Lhoosk'uz Dene Nation from its financial assets. Financial assets are primarily measured at historical cost, with the exception of marketable securities, which are measured at fair value.

d) Non-financial assets

Tangible capital 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, 2022

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	20%
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 that are cashable or have a term to maturity of 90 days or less at acquisition.

i) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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, 2022	See Auditor's Report	
3. CASH	2022	2021
Cash is comprised of the following:		
Cash and cash equivalents.	\$ 3,845,943	\$ 1,677,024
\$66,313 (2021 - \$66,246) guaranteed investment certificate with annual interest rate of 0.50%, maturing on January 25, 2023.	66,332	66,307
\$12,564 (2021 - \$25,128) guaranteed investment certificate with annual interest rate of 2.10%, maturing December 23, 2022.	12,627	25,272
\$13,702 (2021 - \$13,688) guaranteed investment certificate with annual interest rate of 0.50%, maturing December 23, 2022.	13,710	13,692
\$151,275 (2021 - \$150,000) guaranteed investment certificate with annual interest rate of 0.85%, maturing November 28, 2025.	151,708	150,433
\$202,199 (2021 - \$200,000) guaranteed investment certificate with annual interest rate of 1.10%, maturing November 28, 2023.	202,949	200,747
\$252,374 (2021 - \$250,000) guaranteed investment certificate with annual interest rate of 0.95%, maturing November 28, 2022.	253,182	250,807
\$327,020 (2021 - \$322,506) guaranteed investment certificate with annual interest rate of 1.40%, maturing November 28, 2025.	328,562	324,040
\$1,222,753 (2021 - \$1,200,000) guaranteed investment certificate with annual interest rate of 1.90%, maturing April 1, 2025.	1,245,922	1,222,753
Guaranteed investment certificate.	548,761	
Guaranteed investment certificate.	-	28,119
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 general security agreement over the First Nation's assets.	-	-
	\$ 6,120,935	\$ 4,507,955

Lhoosk'uz Dene Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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4. MARKETABLE SECURITIES

Marketable securities consists of publicly-traded shares and mutual funds measured at quoted fair values at period end.

Due to market volatility, marketable securities have experienced a material decline in value between period end and the date of the auditor's report. The following are the changes in market value of the marketable securities held by the entity as at February 27, 2023.

	Mar 31, 2022	Feb 27, 2023	Net change
Cash	\$ 818	\$ 818	\$ -
Common Shares	2,591,582	1,739,094	(852,488)
Mutual Funds	632,284	598,018	(34,266)
Foreign Securities	181,096	143,727	(37,369)
	\$ 3,405,780	\$ 2,481,657	\$ (924,123)

The value of foreign securities are shown in Canadian dollars, converted based on foreign exchange rates provided by RBC Dominion Securities and the Bank of Canada.

5. ACCOUNTS RECEIVABLE

	2022	2021
Accounts receivable is comprised of the following:		
Band members' loans	\$ 5,709	\$ 5,709
Band members' loans' allowances	(5,709)	(5,709)
Indigenous Services Canada	332,997	210,712
First Nations Education Steering Committee	55,326	3,083
Southern Dakelh Nation Alliance Society	11,000	22,500
Canada Mortgage and Housing Corporation	175,261	-
First Nations Health Authority	40,000	-
Union of British Columbia Municipalities	37,500	-
Natural Resources Canada	-	807,500
Accrued receivable from wholly owned corporation	953,000	1,097,500
Other	313,693	95,038
Allowance for doubtful accounts	(30,469)	(27,277)
	\$ 1,888,308	\$ 2,209,056

Lhoosk'uz Dene Nation
NOTES TO FINANCIAL STATEMENTS

March 31, 2022 **See Auditor's Report**

6. INVESTMENTS

	2022	2021
Kluskus Management Holdings Ltd.		
Shares	\$ 200	\$ 200
Accumulated equity	416,459	(789)
Advances	4,836,970	3,684,595
	5,253,629	3,684,006
0886366 B.C. Ltd.		
Shares	100	100
Accumulated equity	(170,453)	(168,118)
Advances	414,008	435,308
	243,655	267,290
Lhoosk'uz Management Ltd.		
Shares	1	1
Accumulated equity	(13,376)	(10,730)
Advances	16,045	16,045
	2,670	5,316
Lhoosk'uz Development Group Limited Partnership		
Accumulated equity	550,121	475,736
Nechako Plateau Construction Group Limited Partnership		
Advances	5,851	-
Dene Development Corp. (a 33.3% interest)		
Shares	1	1
Lhoosk'uz Ulkatcho Holdings Limited Partnership (a 50% interest)		
Advances	1,000	1,000
Castle Mountain Hydro Ltd. (a 2.5% interest)		
Shares	113,737	143,737
BCFN GRS GP Ltd. (a nominal interest)		
Shares	10	10
BC First Nations Gaming Revenue Sharing Limited Partnership (a nominal interest)		
Shares	100	100
	\$ 6,170,774	\$ 4,577,196

Lhoosk'uz Dene Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

See Auditor's Report

6. CONTINUED...

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

Advances to related parties are unsecured, non-interest bearing, and have no stated terms of repayment.

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

	Assets	Liabilities	Revenue	Net Income (Loss)
0886366 B.C. Ltd.				
March 31, 2022	\$ 313,360	\$ 483,713	\$ 33,300	\$ (2,335)
Kluskus Management Holdings Ltd.				
March 31, 2022	\$ 6,921,064	\$ 6,504,405	\$ 1,396,985	\$ 417,248
Lhoosk'uz Management Ltd.				
March 31, 2022	\$ 79,847	\$ 93,222	\$ 73	\$ (2,646)
Lhoosk'uz Development Group Limited Partnership				
March 31, 2022	\$ 552,807	\$ 4,830	\$ 97,445	\$ 73,138

7. 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, 2022

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8. GOVERNMENT BALANCES PAYABLE

Included in government balances payable are the following recoveries (reimbursements) owing to (from) Indigenous Services Canada:

	2022	2021
Institutional Care	\$ 64,950	\$ 64,950
Basic Needs	(15,939)	(15,939)
Student Accommodation Services	94,716	94,716
Special Needs	10	10
Adult In-Home Care	7,184	7,184
	<hr/> \$ 150,921	<hr/> \$ 150,921

Lhoosk'uz Dene Nation
NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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9. DEFERRED REVENUE

	2022	2021
Shelter deductions from next month's Social Development recipients	\$ 2,711	\$ 2,070
Southern Dakelh Nation Alliance - Natural resources lead	70,599	100,000
BC - Old Growth Strategic Review	15,553	-
City of Quesnel - 'Community forest	60,000	-
CMHC - Rapid housing initiative	904,248	-
IAA - Environmental assessment preparedness	56,591	-
Natural Resources Canada - Bioenergy	193,281	790,690
New Relationship Trust - Bioenergy	98,455	144,577
Fraser Basin Council - Bioenergy	322,244	-
Union of BC Municipalities - Age-Friendly Communities	-	17,371
Union of BC Municipalities - Flood Risk Assessment	-	21,654
Indigenous Services Canada		
CPMS # 6021	-	132,848
ICMS #9-00118204	14,895	640,127
BCTEA school restart	20,208	20,208
O&M - Infrastructure	66,659	-
O&M - education	8,198	12,393
O&M - water & wastewater	64,527	31,944
O&M - water & wastewater top-up	52,672	48,135
MTSA - water & wastewater top-up	7,715	7,715
Wastewater O&M top-up	9,429	-
Infrastructure planning	25,000	-
Elementary & secondary education	1,069,209	372,945
Post-secondary education	46,991	44,743
COVID-19 Safe Restart	17,256	-
Assisted living	-	95,818
Income assistance	-	48,681
Service delivery	-	5,106
Need base COVID	11,040	11,040
Special needs - COVID-19 supplement	9,450	10,500
Need Base - off reserve	17,560	-
Indigenous community support fund - COVID-19	104,060	104,060
Emergency management - COVID-19	951	8,435
Community based initiatives	155,773	85,485
Emergency Management Assistance program	139,878	-
Housing Top up	112,012	-
Road top-up	89,930	-
	\$ 3,767,095	\$ 2,756,545

Lhoosk'uz Dene Nation
NOTES TO FINANCIAL STATEMENTS

March 31, 2022

See Auditor's Report

10. TANGIBLE CAPITAL ASSETS

	2022							2021			
	Beginning Cost	Additions	Disposals	Ending Cost	Beginning Accumulated Depreciation	Ending Accumulated Depreciation	Net Book Value	Net Book Value			
Computer equipment	\$ 141,281	\$ 13,757	\$ -	\$ 155,038	\$ 116,413	\$ 9,354	\$ -	\$ 125,767	\$ 29,271	\$ -	\$ 24,868
Furniture and equipment	44,330	10,877	-	55,207	41,155	1,002	-	42,157	13,050	-	3,175
Infrastructure											
Buildings	2,657,368	328,593	-	2,985,960	831,285	76,333	-	907,618	2,078,342	-	1,826,083
School	1,582,142	5,125	-	1,587,267	931,178	26,142	-	957,320	629,947	-	650,964
Power and utilities	642,959	133,878	-	776,837	91,184	24,265	-	115,449	661,388	-	551,775
Roads	358,034	-	-	358,034	155,968	8,083	-	164,051	193,983	-	202,066
Water supply	2,984,741	760,525	-	3,745,266	415,758	121,118	-	536,876	3,208,390	-	2,568,983
Equipment	197,120	586,492	-	783,612	72,503	132,785	-	205,288	578,324	-	124,617
Signage	3,395	1,334	-	4,729	3,067	195	-	3,262	1,467	-	328
	\$ 8,611,370	\$ 1,840,581	\$ -	\$ 10,451,950	\$ 2,658,511	\$ 399,277	\$ -	\$ 3,057,788	\$ 7,394,162	\$ 5,952,859	

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11. ACCUMULATED SURPLUS

	2022	2021
RESTRICTED		
Opening balance	\$ 56,340	\$ 55,233
Net changes		
Operating Fund	-	-
Trust Fund	1,487	1,107
Closing balance	57,827	56,340
UNRESTRICTED		
Opening balance	16,890,872	12,122,390
Net changes		
Operating Fund	3,577,060	4,440,966
Investment Fund	485,332	327,516
Closing balance	20,953,264	16,890,872
TOTAL RESTRICTED AND UNRESTRICTED	\$ 21,011,091	\$ 16,947,212
Represented by:		
Operating Fund	\$ 17,819,737	\$ 14,814,169
Remeasurement gains	1,071,594	500,102
Trust Fund	50,924	49,437
Investment Fund	2,068,836	1,583,504
	\$ 21,011,091	\$ 16,947,212

Lhoosk'uz Dene Nation

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12. CONTINGENT LIABILITIES

a) In fiscal 2019, 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 four 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 four 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.

b) In fiscal 2021, the First Nation entered into six forgivable loan agreements with Canada Mortgage and Housing Corporation (CMHC) under the Residential Rehabilitation Assistance Program, totalling \$175,261, for renovations to housing units owned by the First Nation. The forgivable loans are earned out over a multi-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 years of the period. 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:

\$45,243 forgivable loan at an interest rate of 3.5%, with an interest adjustment date of January 1, 2022, four year term, maturing January 1, 2026.

\$2,369 forgivable loan at an interest rate of 3.125%, with an interest adjustment date of January 1, 2022, one year term, maturing January 1, 2023.

\$44,353 forgivable loan at an interest rate of 3.5%, with an interest adjustment date of January 1, 2022, four year term, maturing January 1, 2026.

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12. CONTINUED...

\$6,121 forgivable loan at an interest rate of 3.125%, with an interest adjustment date of January 1, 2022, one year term, maturing January 1, 2023.

\$51,915 forgivable loan at an interest rate of 4.75%, with an interest adjustment date of January 1, 2022, five year term, maturing January 1, 2027.

\$25,260 forgivable loan at an interest rate of 3.5%, with an interest adjustment date of January 1, 2022, three year term, maturing January 1, 2025.

- c) In fiscal 2022, the CRA conducted an examination of the Nation's goods and services tax (GST) returns for the period between April 1, 2019 to March 31, 2021. As a result of the CRA's examination, an additional \$4,455 for the period ended March 31, 2020 and \$105,098 for the period ending March 31, 2021 was assessed to be payable by the First Nation.

No liability has been recorded related to the assessed GST payable from revenue that we have identified to be GST exempt.

The details of the GST assessed on exempt revenue are as follows:

\$2,702 GST assessed on \$54,044 of interest revenue received during the 2022 fiscal year.

\$13,523 GST assessed on \$270,460 of government funding, grants, and donations received during the 2021 and 2022 fiscal years.

13. 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.

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14. CONSOLIDATED EXPENSES BY OBJECT

Consolidated expenses by object	2022	2021
Advertising	\$ 395	\$ -
Bad debts (recovery)	508	(833)
Bank charges and interest	5,592	6,148
Contracts	529,985	446,435
Depreciation	399,277	240,706
Donations	9,370	11,388
Equipment rental	1,589	3,252
Freight and fuel	175,628	127,192
Honoraria	153,650	145,775
Insurance	33,057	24,572
Management fees	80,818	126,900
Medical travel	22,438	20,384
Office and miscellaneous	41,216	25,003
Professional fees	84,941	91,653
Rent	21,300	21,400
Repairs and maintenance	100,828	59,235
Social assistance	85,968	112,137
Special events	7,214	11,641
Student expenses	100,572	112,522
Supplies	325,142	238,315
Telephone	9,074	9,635
Travel	91,753	157,898
Tuition	34,870	19,328
Utilities	3,109	3,056
Wages and benefits	523,261	586,034
Workshops and training	20,289	19,873
	<hr/> \$ 2,861,844	<hr/> \$ 2,619,649

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15. RELATED PARTY TRANSACTIONS

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

	2022	2021
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>\$ 953,000</u>	<u>\$ 1,097,500</u>
 Carrier Chilcotin Tribal Council - related entity		
Indian Registry Administration funding received	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Fire Protection funding received	<u>900</u>	<u>900</u>
Travel and meeting reimbursements	<u>-</u>	<u>124</u>
	<u>\$ 5,900</u>	<u>\$ 6,024</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		
Income received	<u>\$ 18,920</u>	<u>\$ 141,200</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.

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16. 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, 2022.

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, 2022 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.