

ULKATCHO FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

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ULKATCHO FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2019

The accompanying consolidated financial statements of Ulkatcho First 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.

The Council is 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.

The Council meets 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, Reid Hurst Nagy Inc., 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 Ulkatcho First Nation and meet when required.

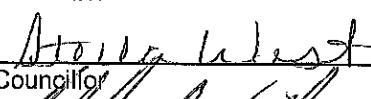
On behalf of Ulkatcho First Nation:



Chief



Councillor

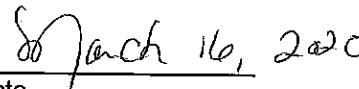


Councillor

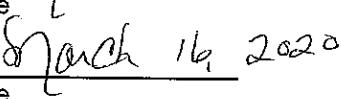


Councillor

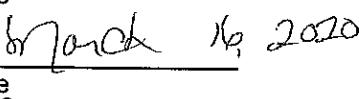
Councillor



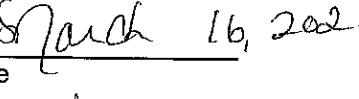
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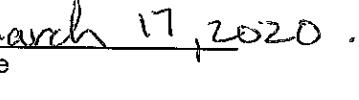
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Independent Auditors' Report

To the Members of
Ulkatcho First Nation

Opinion

We have audited the consolidated financial statements of Ulkatcho First Nation, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated consolidated statements of operations and accumulated surplus, change in net financial assets (debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the results of its consolidated operations, its changes in its consolidated net debt, and its consolidated cash flows for the year then ended in accordance with PSAB.

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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Other Matter

The consolidated financial statements of Ulkatcho First Nation for the year ended March 31, 2018 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on March 17, 2019.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 First Nation'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 First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

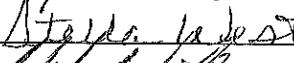
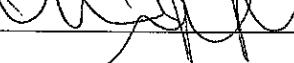
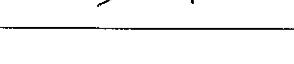
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Reid Hurst Nagy Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS
Kelowna, B.C.
March 16, 2020

ULKATCHO FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at March 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash (Note 2)	\$ 94,169	\$ 676,571
Accounts receivable (Note 3)	1,116,929	913,379
Long-term investments (Note 4)	210,256	221,970
<u>Ottawa Trust Funds (Note 5)</u>	<u>70,582</u>	<u>67,406</u>
	1,491,936	1,879,326
LIABILITIES		
Bank indebtedness (Note 2)	160,176	201,557
Accounts payable (Note 6)	432,729	840,599
Deferred revenue (Note 7)	52,713	485,411
Long-term debt (Note 8)	21,802	169,604
<u>Term demand loans (Note 9)</u>	<u>419,874</u>	<u>490,218</u>
	1,087,294	2,187,389
NET FINANCIAL ASSETS (DEBT)	404,642	(308,063)
NON-FINANCIAL ASSETS		
Capital assets (Note 10)	14,096,890	14,772,595
<u>Prepaid expenses</u>	<u>14,350</u>	<u>85,092</u>
	14,111,240	14,857,687
ACCUMULATED SURPLUS	\$ 14,515,882	\$ 14,549,624
CONTINGENT LIABILITIES (Note 15)		
APPROVED ON BEHALF OF THE ULKATCHO FIRST NATION		
	, Chief	
	, Councillor	
	, Councillor	
	, Councillor	
	, Councillor	
	, Councillor	

ULKATCHO FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT) For the year ended March 31, 2019

	2019	2018
<u>DEFICIENCY OF REVENUE OVER EXPENDITURES</u>	\$ (33,742)	\$ (169,006)
Acquisition of tangible capital assets	23,794	(586,171)
<u>Amortization of tangible capital assets</u>	<u>651,911</u>	<u>627,926</u>
	675,705	41,755
Acquisition of prepaid asset	(14,350)	(85,092)
<u>Use of prepaid asset</u>	<u>85,092</u>	<u>21,261</u>
	70,742	(63,831)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	712,705	(191,082)
<u>NET DEBT AT BEGINNING OF YEAR</u>	(308,063)	(116,981)
<u>NET FINANCIAL ASSETS (DEBT) AT END OF YEAR</u>	\$ 404,642	\$ (308,063)

ULKATCHO FIRST NATION

CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31, 2019

		2019 Budget	2019 Actual	2018 Actual
REVENUE				
Indigenous Services Canada	\$ -	\$ 4,507,562	\$ 4,117,400	
First Nations Health Authority	-	1,309,696	1,565,050	
Province of BC	-	328,382	596,640	
Income (loss) from band owned companies	-	258,630	(94,816)	
Rental	-	170,748	163,657	
First Nations Education Steering Committee	-	162,247	131,474	
Cariboo Chilcotin Aboriginal Training Employment Centre	-	98,662	143,423	
Canadian Red Cross	-	38,211	340,800	
Other	-	1,003,341	830,257	
Interest	-	9,169	4,368	
Allocation from deferred revenue	-	485,410	194,129	
Allocation to deferred revenue	-	(52,713)	(485,410)	
		- 8,319,345	7,506,972	
EXPENDITURES				
Government Development and Administration	-	1,093,734	1,215,641	
Education	-	1,966,249	1,640,325	
Social Development	-	1,438,424	1,285,955	
Health	-	1,411,163	1,790,095	
Job Creation	-	187,647	123,150	
Economic Development	-	889,933	733,419	
Public Works Operations & Maintenance	-	489,183	716,750	
Social Housing	-	440,809	309,732	
Capital Fund	-	651,911	552,503	
		- 8,569,053	8,367,570	
DEFICIENCY OF REVENUE OVER EXPENDITURES BEFORE OTHER				
OTHER	-	(249,708)	(860,598)	
OTHER				
Tangible capital asset additions	-	68,165	586,171	
Principal reduction of long-term debt	-	147,801	105,421	
		- 215,966	691,592	
DEFICIENCY OF REVENUE OVER EXPENDITURES				
EQUITY AT BEGINNING OF YEAR		- 14,549,624	14,718,630	
EQUITY AT END OF YEAR	\$ -	\$ 14,515,882	\$ 14,549,624	

ULKATCHO FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ (33,742)	\$ (169,006)
Items not affecting cash		
Amortization of tangible capital assets	651,911	522,504
Amortization of CMHC social housing	91,960	105,421
Share of (income) loss on First Nation controlled entities	(258,630)	94,816
Investment in Ottawa Trust Funds	(3,176)	(3,864)
	448,323	549,871
Change in non-cash operating working capital	(973,377)	439,583
	(525,054)	989,454
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(68,165)	(586,171)
FINANCING ACTIVITIES		
Principal reduction on long term debt	(147,802)	(156,113)
Principal reduction on term demand loans	(270,344)	(262,679)
Proceeds from term demand loans	200,000	-
	(218,146)	(418,792)
INVESTING ACTIVITIES		
Repayment of advances to government business entity	270,344	281,333
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(541,021)	265,824
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	475,014	209,190
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ (66,007)	\$ 475,014
CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:		
Cash	\$ 94,169	\$ 676,572
Bank indebtedness	(160,176)	(201,558)
	\$ (66,007)	\$ 475,014

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the CPA Canada.

(a) Reporting Entity

Ulkatcho First Nation reporting entity includes the Ulkatcho First Nation government and all related entities that are either owned or controlled by the First Nation.

(b) Fund Accounting

The Ulkatcho First Nation maintains the following funds and reserves as part of its operations:

- The Operating Fund which reports the general activities of the First Nation administration. The Operating Fund comprises of the Government Development and Administration Department, Education Department, Social Development Department, Health Department, Job Creation Department, Economic Development Department and Public Works Operations and Maintenance Department
- The Capital Fund which reports the capital assets of the First Nation not included in other funds, together with their related activities.
- The Trust Fund which reports on the trust funds of the First Nation and held by third parties.
- The Social Housing Fund which reports on the social housing assets of the First Nation together with their related activities.
- The Enterprise Fund which reports the First Nation's investment in self-supporting commercial entities.

(c) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Ulkatcho First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Ulkatcho First Nation.

Organizations consolidated in Ulkatcho First Nation's financial statements include:

1. Ulkatcho First Nation CMHC Social Housing Program

Organizations accounted for on a modified equity basis include:

1. Ulkatcho Merchantile Ltd.
2. 690361 B.C. Ltd.
3. Yun Ka Wun'ten Development Limited Partnership
4. Yun Ka Wun'ten Holdings Ltd.

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Ulkatcho First Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Automotive equipment	30% Declining balance
Buildings	4% Declining balance
Equipment	20%, 30%, 55% Declining balance
Infrastructure	4% Declining balance
Social Housing	4% Declining balance

Tangible capital assets are written down when conditions indicate that they no longer contribute to Ulkatcho First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

(c) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(d) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible assets, prepaid expenses and inventory of supplies.

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Internal charges and transfers

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees."

(f) Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

(g) Surplus Recoveries and Deficit Funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

(h) Budget

Canadian Public Sector Accounting Standards require that the First Nation's budget be presented in the financial statements. As the First Nation did not prepare a budget, no budgeted figures have been presented as otherwise required.

(i) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

(j) Measurement Uncertainty

In preparing the consolidated financial statements for the First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Significant areas requiring the use of management estimates relate to the determination of allowance for doubtful accounts receivable, the useful lives of tangible capital assets and its related depreciation and accounts payable and accrued liabilities. Actual results could differ from those estimates.

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

2. CASH

	2019	2018
Unrestricted		
Cash in bank	\$ 94,169	\$ 662,290
Bank indebtedness	(160,176)	(201,558)
	<hr/> (66,007)	460,732
Restricted		
CMHC social housing program operating funds	-	2,381
CMHC social housing program replacement reserve funds	-	11,901
	<hr/> -	14,282
	<hr/> \$ (66,007)	\$ 475,014

3. ACCOUNTS RECEIVABLE

	2019	2018
Accounts receivable		
Indigenous Services Canada	\$ 675,394	\$ 642,008
Canada Mortgage and Housing Corporation	206,126	271,371
	235,409	-
	<hr/> \$ 1,116,929	\$ 913,379

4. LONG-TERM INVESTMENTS

	2019	2018
Investment in Yun Ka Whu'ten Development LP	\$ (29,358)	\$ 27,362
Investment in Ulkatcho Merchantile Ltd.	220,884	175,878
Investment in 690361 B.C. Ltd.	(131)	(131)
Investment in Gatcho Resort, at cost	4,969	4,969
Investment in Traplines, at cost	13,892	13,892
	<hr/> \$ 210,256	\$ 221,970

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

5. OTTAWA TRUST FUNDS

The trust funds arise from monies 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	March 31, 2018	Additions, 2019	March 31, 2019
Revenue	\$ 34,380	\$ 3,176	\$ 37,556
Capital	\$ 33,026	-	\$ 33,026
	\$ 67,406	\$ 3,176	\$ 70,582

6. ACCOUNTS PAYABLE

	2019	2018
Accounts payable and accrued liabilities	\$ 334,657	\$ 790,037
Indigenous Services Canada	65,155	35,649
Wages payable	32,917	14,913
	\$ 432,729	\$ 840,599

7. DEFERRED REVENUE

	March 31, 2018	Revenue recognized, 2019	March 31, 2019
Federal government			
Capital Surplus	\$ 47,791	\$ -	\$ 47,791
ACRS Group	51,290	(51,290)	-
Capacity Development	40,970	(40,970)	-
Major Renovations	90,438	(90,438)	-
Immediate Housing	250,000	(250,000)	-
Stella West Unit	4,922	-	4,922
	\$ 485,411	\$ (432,698)	\$ 52,713

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

8. LONG-TERM DEBT

	2019	2018
Sales financing agreement payable in monthly instalments of \$2,201, including interest at 9.83% per annum, due to mature June 2019. The loan is secured by equipment with a net book value of \$19,742	\$ 6,228	\$ 30,949
Mortgage repayable in monthly instalments of \$1,697 including interest at 2.41% per annum, secured by a Government of Canada ministerial guarantee, due to mature July 2019.	13,265	33,114
Mortgage repayable in monthly instalments of \$527 including interest at 2.41% per annum, secured by a Government of Canada ministerial guarantee, due to mature July 2019.	2,309	8,512
Mortgage repayable in monthly instalments of \$614 including interest at 2.41% per annum, secured by a Government of Canada ministerial guarantee, due to mature July 2019. Paid in full during the year.	-	5,069
Mortgage repayable in monthly instalments of \$4,486 including interest at 2.41% per annum, secured by a Government of Canada ministerial guarantee, due to mature April 2019. Paid in full during the year.	-	57,591
Mortgage repayable in monthly instalments of \$4,569 including interest at 2.41% per annum, secured by a Government of Canada ministerial guarantee, due to mature November 2018. Paid in full during the year.	-	34,369
	<hr/> \$ 21,802	<hr/> \$ 169,604

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2019

9. TERM DEMAND LOANS

The term demand loans are secured by a Band Council Resolution and a general security agreement registered with a floating charge over all assets of West Chilcotin Forest Products Ltd., Yun Ka Whut'en Development Limited Partnership and 690361 B.C. Ltd., and are supported by corporate guarantees in the amount of \$2,000,000.

	2019	2018
Term demand loan repayable in monthly instalments of \$3,117 including interest at prime plus 0.75%.	\$ 30,061	\$ 65,285
Term demand loan repayable in monthly instalments of \$3,388 including interest at prime plus 0.75%.	29,898	68,305
Term demand loan repayable in monthly instalments of \$2,200 including interest at prime plus 0.75%.	25,518	50,187
Term demand loan repayable in monthly instalments of \$15,181 including interest at prime plus 0.75%.	134,397	306,441
Term demand loan repayable in monthly instalments of \$2,799 including interest at prime plus 0.75%.	200,000	-
	\$ 419,874	\$ 490,218

Principal portion of term demand loan due within the next five years:

2020	244,585
2021	25,899
2022	27,142
2023	28,446
2024 and thereafter	93,802
	419,874

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2019

10. TANGIBLE CAPITAL ASSETS

	Cost						Accumulated amortization					
	Balance, beginning of year	Additions	Disposals	Balance, end of year	beginning of year	Amortization of year	Balance, end of year	beginning of year	Amortization on disposals	Balance, end of year	beginning of year	Amortization on disposals
Automotive equipment	\$ 824,390	\$ 16,250	\$ -	\$ 840,640	\$ 778,289	\$ 16,268	\$ 794,557	\$ 46,083	\$ -	\$ 5,482,052	\$ 8,533,119	\$ -
Buildings	13,969,548	45,623	-	14,015,171	5,127,456	354,596	-	-	-	999,639	-	230,385
Equipment	1,223,731	6,293	-	1,230,024	938,896	60,743	-	-	-	2,219,480	-	2,949,245
Infrastructure	5,168,725	-	-	5,168,725	2,096,595	122,885	-	-	-	(1,870,162)	-	2,338,058
Social Housing*	11,456,961	-	(1,962,122)	9,494,839	8,929,524	97,419	-	-	-	7,156,781	-	-
	\$ 32,643,355	\$ 68,166	\$ (1,962,122)	\$ 30,749,399	\$ 17,870,760	\$ 651,911	\$ (1,870,162)	\$ 16,652,509	\$ 14,096,890			
Cost						Accumulated amortization						
	Balance, beginning of year	Additions	Disposals	Balance, end of year	beginning of year	Amortization of year	Balance, end of year	beginning of year	Amortization on disposals	Balance, end of year	beginning of year	Amortization on disposals
Automotive equipment	\$ 824,390	\$ -	\$ -	\$ 824,390	\$ 758,531	\$ 19,758	\$ -	\$ 778,289	\$ 46,101	\$ -	\$ 5,127,456	\$ 8,842,092
Buildings	13,577,913	391,635	\$ -	13,969,548	4,882,321	245,135	-	-	-	938,896	-	284,835
Equipment	1,089,337	134,394	-	1,223,731	902,976	35,920	-	-	-	2,096,595	-	3,072,130
Infrastructure	5,168,725	-	-	5,168,725	1,968,589	128,006	-	-	-	8,929,524	-	2,527,437
Social Housing	11,153,896	303,065	-	11,456,961	8,730,417	199,107	-	-	-	-	-	-
	\$ 31,814,261	\$ 829,094	\$ -	\$ 32,643,355	\$ 17,242,834	\$ 627,926	\$ -	\$ 17,870,760	\$ 14,772,595			

* During the fiscal year ended 2019, tangible capital assets related to CMHC Social Housing Program matured. Such assets were transferred to the Band net book value.

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

11. ECONOMIC DEPENDENCE

Ulkatcho First Nation receives a significant portion of its revenue pursuant to an agreement referred to as "The Comprehensive Funding Arrangement". This agreement has been entered into by Ulkatcho First Nation and Indigenous Services Canada. It is expected that the agreement will be renewed on an annual basis.

The First Nation also receives major funding pursuant to an arrangement with First Nation Health Authority and under which certain surpluses and deficits may be offset, but with the net balance repayable or refundable as the case may be.

12. ACCUMULATED SURPLUS

	2019	2018
Unrestricted		
Operating Fund	\$ 1,919,870	\$ 2,111,862
Capital Fund	11,000,060	11,527,965
Enterprise Fund	1,525,371	1,266,741
	<hr/> 14,445,301	<hr/> 14,906,568
Restricted		
Trust Funds	70,581	67,405
Social Housing	-	(424,349)
	<hr/> 70,581	<hr/> (356,944)
	<hr/> \$ 14,515,882	<hr/> \$ 14,549,624

13. FIRST NATION CONTROLLED ENTITIES

Commercial enterprises are those organizations that meet the definition of government business enterprises as described by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

Following is the condensed financial results for the First Nation controlled entities as noted below.

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

13. FIRST NATION CONTROLLED ENTITIES, continued

	Yun Ka Whut'en Development Limited Partnership	Ulkatcho Merchantile Ltd.	West Chilcotin Forest Products Ltd.	690391 B.C. Ltd.
Cash	\$ 681,449	\$ 211,921	\$ -	3 \$ -
Accounts receivable	232,823	73,311	-	-
Prepaid expenses	2,768	851	-	-
Inventory	-	61,665	-	-
Tangible capital assets	20,332	21,414	-	-
Other assets	1,097,741	-	-	-
Total assets	\$ 2,035,113	\$ 369,162	\$ -	3 \$ -
Accounts payable	\$ 302,595	\$ 93,314	\$ -	\$ -
Unearned revenue	300,000	122,526	-	-
Deposits	327,282	-	-	-
Other liabilities	1,097,741	-	-	827
Total liabilities	2,027,618	215,840	-	827
Share capital	-	1	-	2
Equity	7,495	153,598	-	(829)
Total equity	7,495	153,599	3	(827)
Total liabilities and equity	\$ 2,035,113	\$ 369,439	\$ -	3 \$ -
	Yun Ka Whut'en Development Limited Partnership	Ulkatcho Merchantile Ltd.	West Chilcotin Forest Products Ltd.	690391 B.C. Ltd.
Revenue	\$ 8,262,593	\$ 1,075,113	\$ -	\$ -
Other Income	22,200	-	-	-
	8,284,793	1,075,113	-	-
Cost of Goods Sold	7,485,895	969,854	-	-
General and Administrative Expenses	548,290	53,635	-	634
Total expenses	8,034,185	1,023,489	-	634
Net income	\$ 250,608	\$ 51,624	\$ -	\$ (634)

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

14. SEGMENTED INFORMATION

As previously discussed in note 1 (i) the First Nation conducts its business through reportable segments as follows:

The Government Development and Administration department is responsible for administering projects the First Nation is involved in annually and on an on-going basis relating to the overall objectives of the First Nation and the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, band government, economic development, community services and technical services.

Education supports the members in expressing, preserving, developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs, it also provides services for students at the elementary/secondary and post secondary level, including; instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

Social Development provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

The Health department oversees the delivery of health programs and initiatives for the betterment of the lives of the members of the First Nation.

Job Creation supports the development of employment opportunities for members of the First Nation.

Economic Development supports the development of employment opportunities for members of the First Nation.

Public Works Operations and Maintenance manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nation's infrastructure.

Social Housing is responsible for the administration and management of Social Housing units.

Other operations include Capital Fund, Enterprise Fund and Trust Fund transactions.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2019

14. SEGMENTED INFORMATION, continued

	Government		Development and Administration		2019 Budget	2019 Actual	2018 Budget	2018 Actual	2019 Budget	2019 Actual	2018 Actual
	2019 Budget	2019 Actual	2018 Budget	2018 Actual							
Revenues											
Indigenous Services Canada	\$ -	\$ -	\$ 559,436	\$ 546,378	\$ -	\$ -	\$ 1,503,522	\$ 1,568,208	\$ -	\$ -	\$ 1,406,872
Province of BC			575	-			149,813	-	113,403		-
First Nations Education Steering Committee			-	-			-	-	-		-
Rental			53,806	66,110			-	-	-		-
Canadian Red Cross			38,211	340,800			-	-	-		-
Interest			5,993	4,368			-	-	-		-
Other revenue			279,425	337,229			1,290	430	-		-
Total revenue	-	937,446	1,294,885	-	1,654,625	1,682,041	-	1,406,872	1,227,387	-	1,227,387
Expenses											
Contractors			50,121	260,732			48,398	65,725		24,701	17,557
Honoraria			184,339	137,498			-	640		-	-
Insurance			139,710	99,606			12,267	9,831		-	-
Professional fees			158,173	183,271			5,527	3,104		-	-
Program costs			4,013	-			1,085,604	847,753		1,959	609
Supplies			31,951	8,037			121,126	111,679		33,023	31,710
Travel			56,561	157,651			110,944	77,624		6,911	8,256
Wages and benefits			232,699	242,581			444,556	452,172		169,715	173,769
Other expenses			236,167	126,265			137,827	71,797		1,202,115	1,054,054
Total expenses	-	1,093,734	1,215,641	-	1,966,249	1,640,325	-	1,438,424	1,285,955	-	1,285,955
Annual surplus (deficit)	\$ -	\$ (156,288)	\$ 79,244	\$ -	\$ (311,624)	\$ 41,716	\$ -	\$ (31,552)	\$ (58,566)	-	-

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2019

14. SEGMENTED INFORMATION, continued

	2019 Budget	Health 2019 Actual	2018 Actual	2019 Budget	Job Creation 2019 Actual	2018 Actual	2019 Budget	2019 Actual	Economic Development 2019 Actual	2018 Actual
Revenues										
Indigenous Services Canada	\$ -	\$ 402,150	\$ 1,309,696	\$ 1,565,050	\$ -	\$ -	\$ (6,497)	\$ -	\$ 160,707	\$ 53,768
First Nations Health Authority	-	-	-	-	-	60	103	-	327,747	596,537
Province of BC	-	-	-	-	12,434	18,071	-	-	-	-
First Nations Education Steering Committee	-	-	-	-	-	-	-	-	40,354	6,495
Rental	-	-	-	-	-	-	-	-	-	-
C.C.A.T.E.C.	-	-	-	-	-	-	-	-	-	-
Other revenue	8,550	20,881	-	-	98,662	143,423	3,267	-	344,084	466,891
Total revenue	-	1,720,396	1,585,931	-	154,641	158,367	-	872,892	1,123,691	-
Expenses										
Contractors	140,365	379,275	-	-	-	-	3,255	-	7,730	3,135
Honoraria	625	7,989	-	-	-	-	-	-	33,920	15,313
Insurance	15,075	16,896	-	-	843	876	-	-	11,165	11,529
Professional fees	-	-	73,361	-	13,368	19,425	-	-	312,124	338,480
Program costs	92,514	63,816	-	-	49,701	4,940	-	-	42,632	20,132
Supplies	179,861	143,088	-	-	5,983	7,079	-	-	27,344	6,794
Travel	309,086	248,841	-	-	2,622	6,721	-	-	221,751	104,541
Wages and benefits	409,857	462,106	-	-	79,042	68,281	-	-	142,303	167,178
Other expenses	252,054	394,723	-	-	36,088	12,573	-	-	90,967	66,317
Total expenses	-	1,411,160	1,790,095	-	187,647	123,150	-	889,936	733,419	-
Annual surplus (deficit)	\$ -	\$ 309,236	\$ (204,164)	\$ -	\$ (33,006)	\$ 35,217	\$ -	\$ (17,044)	\$ 390,272	\$ -

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2019

14. SEGMENTED INFORMATION, continued

	Public Works Operations & Maintenance			Social Housing			Capital Fund		
	2019 Budget	2019 Actual	2018 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual	
Revenues									
Indigenous Services Canada	\$ -	\$ 474,875	\$ 728,156	\$ -	\$ 76,588	\$ -	\$ 91,052	\$ -	\$ -
Rental	-	-	-	-	331,440	23,616	-	-	-
Other revenue	-	427,764	(313,338)	-	331,440	-	-	-	-
Total revenue	-	902,639	414,818	-	408,028	114,668	-	-	-
Expenses									
Contractors	-	108,526	291,162	-	-	17,414	17,417	-	-
Insurance	-	11,116	11,458	-	-	4,000	6,500	-	-
Professional fees	-	56,868	22,957	-	-	-	-	-	-
Program costs	-	559	-	-	-	-	-	-	-
Supplies	-	6,445	28,881	-	-	-	-	-	-
Travel	-	6,907	24,059	-	-	-	-	-	-
Wages and benefits	-	153,290	183,747	-	419,395	285,815	-	651,911	552,503
Other expenses	-	145,472	154,486	-	-	-	-	-	-
Total expenses	-	489,183	716,750	-	440,809	309,732	-	651,911	552,503
Other income	-	413,456	(301,932)	-	(32,781)	(195,064)	-	(651,911)	(552,503)
Annual surplus (deficit)	\$ -	\$ 413,456	\$ (301,932)	\$ -	\$ 91,960	\$ 105,421	\$ -	\$ 124,006	\$ 586,171
					\$ 59,179	\$ (89,643)	\$ -	\$ (527,905)	\$ 33,668

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2019

14. SEGMENTED INFORMATION, continued

	2019 Budget	Enterprise Fund 2019 Actual	2018 Actual	2019 Budget	2019 Actual	Trust Funds 2019 Actual	2018 Actual	2019 Budget	2018 Budget	Consolidated totals 2019 Actual	2018 Actual
Revenues											
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,507,562	\$ 4,117,400
First Nations Health Authority										1,309,696	1,565,050
Province of BC										328,382	596,640
First Nations Education Steering Committee										162,247	131,474
Rental										170,748	163,657
C.C.A.T.E.C.										98,662	143,423
Canadian Red Cross										38,211	340,800
Interest										9,169	4,368
Other revenue		258,630	(94,816)			3,176				1,694,668	444,160
Total revenue		258,630	(94,816)			3,176				8,319,346	7,506,972
Expenses											
Contractors										379,841	1,020,841
Honoraria										218,884	161,440
Insurance										207,590	167,613
Professional fees										561,783	647,098
Program costs										1,276,982	937,250
Supplies										405,733	337,268
Travel										714,782	627,693
Wages and benefits										1,631,462	1,749,834
Other expenses										3,171,996	2,718,533
Total expenses										8,569,053	8,367,570
Other income		258,630	(94,816)			3,176				(249,708)	(860,598)
Annual surplus (deficit)		\$ 258,630	\$ (94,816)			\$ 3,176				215,966	691,592
										\$ (33,742)	\$ (169,006)

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

15. CONTINGENT LIABILITIES

Ulkatcho First Nation has entered into contribution agreements with various government agencies. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, the Nation may become involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued, an an expense is recorded in the financial statements.

16. MANAGEMENT ACTION PLAN

Based on the financial position of the Nation for the fiscal year ended March 31, 2013, Indigenous Services Canada (ISC) initiated intervention requiring the Nation to implement a Management Action Plan (MAP). The MAP has been prepared and implemented by the Nation and covers the five-year period ending March 31, 2019.

17. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period. The March 31, 2018 comparative amounts were reported on by another firm of Chartered Professional Accountants.