

# **ULKATCHO FIRST NATION**

---

## **CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2020**

# **ULKATCHO FIRST NATION**

---

## **CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2020**

**Page**

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

### **INDEPENDENT AUDITORS' REPORT**

### **FINANCIAL STATEMENTS**

Consolidated Statement of Financial Position	1
Consolidated Statement of Change in Net Financial Assets	2
Consolidated Statement of Operations and Accumulated Surplus	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5

# ULKATCHO FIRST NATION

---

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2020

The accompanying consolidated financial statements of Ulkatcho First Nation are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of 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.

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.

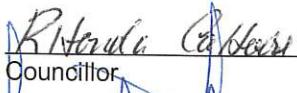
The external auditors, Reid Hurst Nagy Inc., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Ulkatcho First Nation and meet when required.

On behalf of Ulkatcho First Nation:

  
Chief

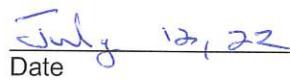
  
Councillor

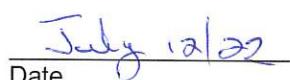
  
Councillor

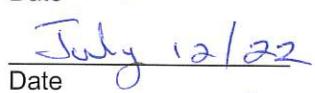
  
Councillor

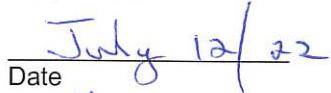
  
Councillor

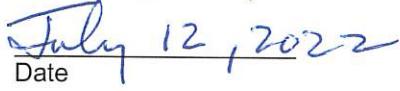
  
Councillor

  
Date

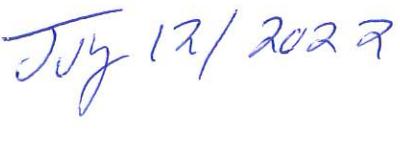
  
Date

  
Date

  
Date

  
Date

  
Date

  
Date

## 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, 2020, and the consolidated statements of operations and accumulated surplus, change in net financial assets 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, 2020, and the results of its consolidated operations, its changes in its consolidated net financial assets, 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.

*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.
- ◆ 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.  
July 12, 2022

# ULKATCHO FIRST NATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31

2020

2019

FINANCIAL ASSETS		
Cash (Note 2)	\$ 502,140	\$ -
Federal trust funds (Note 3)	74,926	70,582
Accounts receivable (Note 4)	439,535	1,116,929
<u>Long-term investments (Note 5)</u>	<u>942,647</u>	<u>210,256</u>
	<u>1,959,248</u>	<u>1,397,767</u>
LIABILITIES		
Bank indebtedness (Note 2)	-	66,006
Accounts payable (Note 6)	510,894	432,730
Deferred revenue (Note 7)	52,713	52,713
Long-term debt (Note 8)	-	21,802
<u>Term demand loans (Note 9)</u>	<u>175,196</u>	<u>419,874</u>
	<u>738,803</u>	<u>993,125</u>
<b>NET FINANCIAL ASSETS</b>	<b>1,220,445</b>	<b>404,642</b>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	13,678,334	14,096,890
<u>Prepaid expenses</u>	<u>299,587</u>	<u>14,350</u>
	<u>13,977,921</u>	<u>14,111,240</u>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 15,198,366</b>	<b>\$ 14,515,882</b>

### CONTINGENT LIABILITIES (Note 15)

#### APPROVED ON BEHALF OF THE ULKATCHO FIRST NATION

, Chief

, Councillor

, Councillor

, Councillor

, Councillor

# ULKATCHO FIRST NATION

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

<u>For the year ended March 31</u>	<u>2020</u>	<u>2019</u>
<b><u>ANNUAL SURPLUS (DEFICIT)</u></b>	<b>\$ 682,484</b>	<b>\$ (33,745)</b>
Acquisition of tangible capital assets	(233,644)	47,776
Amortization of tangible capital assets	652,200	627,926
	<b>418,556</b>	<b>675,702</b>
Acquisition of prepaid asset	(370,329)	49,486
Use of prepaid asset	85,092	21,261
	<b>(285,237)</b>	<b>70,747</b>
<b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b>	<b>815,803</b>	<b>712,704</b>
<b>NET DEBT AT BEGINNING OF YEAR</b>	<b>404,642</b>	<b>(308,062)</b>
<b>NET FINANCIAL ASSETS AT END OF YEAR</b>	<b>\$ 1,220,445</b>	<b>\$ 404,642</b>

# ULKATCHO FIRST NATION

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31	2020	2019
<b>REVENUE</b>		
Indigenous Services Canada	\$ 4,124,127	\$ 4,507,562
First Nations Health Authority	1,521,348	1,309,696
Province of BC	1,222,532	328,382
Income (loss) from first nation controlled entities	804,947	258,630
First Nations Education Steering Committee	102,527	162,247
Cariboo Chilcotin Aboriginal Training Employment Centre	98,210	98,662
Canadian Red Cross	-	38,211
Blackwater project	827,271	-
Rental	58,747	170,748
Interest	12,613	9,169
Allocation from deferred revenue	52,713	485,410
Allocation to deferred revenue	(52,713)	(52,713)
Other	456,381	1,003,341
	<b>9,228,703</b>	<b>8,319,345</b>
<b>EXPENSES</b>		
Government Development and Administration	1,710,434	998,278
Education	1,940,412	1,941,528
Social Development	1,586,342	1,438,424
Health	1,287,157	1,411,164
Job Creation	118,680	187,647
Economic Development	442,132	889,935
Public Works Operations & Maintenance	808,862	489,183
Social Housing	-	345,020
Capital Fund	652,200	651,911
	<b>8,546,219</b>	<b>8,353,090</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>682,484</b>	<b>(33,745)</b>
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>	<b>14,515,882</b>	<b>14,549,627</b>
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>	<b>\$ 15,198,366</b>	<b>\$ 14,515,882</b>

# ULKATCHO FIRST NATION

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2020	2020	2019
<b>OPERATING ACTIVITIES</b>		
ANNUAL SURPLUS (DEFICIT)	\$ 682,484	\$ (33,745)
Items not affecting cash		
Amortization of tangible capital assets	652,200	651,911
Amortization of CMHC social housing	-	91,960
Share of (income) loss on First Nation controlled entities	(804,947)	(258,630)
Investment in Ottawa Trust Funds	(4,344)	(3,176)
	<b>525,393</b>	448,320
Change in non-cash operating working capital		
Accounts receivable	677,394	(203,550)
Prepaid expenses	(285,237)	70,747
Accounts payable	78,170	(407,873)
Deferred revenue	-	(432,698)
	<b>995,720</b>	(525,054)
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(233,650)	(68,165)
<b>FINANCING ACTIVITIES</b>		
Principal reduction on long term debt	(21,802)	(147,802)
Principal reduction on term demand loans	(244,678)	(270,344)
Proceeds from term demand loans	-	200,000
	<b>(266,480)</b>	(218,146)
<b>INVESTING ACTIVITIES</b>		
Repayment of advances from government business entity	72,666	270,344
Acquisition of shares in BCFN GRS GP Inc.	(10)	-
Acquisition of interest in BC First Nation Gaming Revenue Sharing Limited Partnership	(100)	-
	<b>72,556</b>	270,344
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>568,146</b>	(541,021)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>(66,006)</b>	475,015
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 502,140</b>	<b>\$ (66,006)</b>
<b>CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:</b>		
Cash	\$ 502,140	\$ 94,170
Bank indebtedness	-	(160,176)
	<b>\$ 502,140</b>	<b>\$ (66,006)</b>

# ULKATCHO FIRST NATION

---

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

### 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 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 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.

#### (d) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, net of bank overdrafts.

# ULKATCHO FIRST NATION

---

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

#### (e) 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:

Buildings	30% Declining balance
Automotive equipment	4% Declining balance
Computer equipment	20%, 30%, 55% Declining balance
Furniture and equipment	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.

#### (f) 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.

#### (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.

# ULKATCHO FIRST NATION

---

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

#### (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.

#### (k) 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.

#### (l) Liability for contaminated sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standards;
- (iii) first Nation is directly responsible or accepts responsibility;
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post- remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at March 31, 2019 and March 31, 2020, no liability for contaminated sites have been recorded.

# ULKATCHO FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

### 2. CASH

	2020	2019
Unrestricted		
Cash in bank	\$ 502,140	\$ 69,511
Bank indebtedness	-	(160,176)
	<b>502,140</b>	<b>(90,665)</b>
Restricted		
CMHC social housing program operating funds	-	14,686
CMHC social housing program replacement reserve funds	-	9,973
	<b>-</b>	<b>24,659</b>
	<b>\$ 502,140</b>	<b>\$ (66,006)</b>

### 3. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

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, 2019	Additions, 2020	Withdrawals, 2020	March 31, 2020
Revenue	\$ 37,556	\$ 3,176	\$ 1,168	\$ 41,900
Capital	33,026	-	-	33,026
	<b>\$ 70,582</b>	<b>\$ 3,176</b>	<b>\$ 1,168</b>	<b>\$ 74,926</b>

### 4. ACCOUNTS RECEIVABLE

	2020	2019
Accounts receivable	\$ 37,870	\$ 675,394
Indigenous Services Canada	<b>179,615</b>	206,126
Canada Mortgage and Housing Corporation	-	235,409
Denisiqi Services Society	<b>100,538</b>	-
Canadian Red Cross	<b>55,868</b>	-
First Nations Education Steering Committee	<b>43,541</b>	-
C.C.A.T.E.C.	<b>22,103</b>	-
	<b>\$ 439,535</b>	<b>\$ 1,116,929</b>

# ULKATCHO FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

### 5. LONG-TERM INVESTMENTS

	2020	2019
Investment in Yun Ka Whu'ten Development LP		
Partnership units, at cost	\$ 9,999	\$ 9,999
Accumulated partners' capital	<u>663,605</u>	<u>(39,357)</u>
	<u>673,604</u>	<u>(29,358)</u>
Investment in Ulkatcho Merchantile Ltd.		
Share unit, at cost	1	1
Contributed surplus	<u>560,867</u>	<u>560,867</u>
Accumulated deficit	<u>(310,665)</u>	<u>(339,984)</u>
	<u>250,203</u>	<u>220,884</u>
Investment in 690361 B.C. Ltd.		
Share unit, at cost	2	2
Accumulated deficit	<u>(830)</u>	<u>(830)</u>
Accumulated advances	<u>697</u>	<u>697</u>
	<u>(131)</u>	<u>(131)</u>
Investment in Gatcho Resort, at cost	4,969	4,969
Investment in Traplines, at cost	<u>13,892</u>	<u>13,892</u>
Investment in BC First Nations Gaming Revenue Limited Partnership	<u>110</u>	<u>-</u>
	<u>\$ 942,647</u>	<u>\$ 210,256</u>

### 6. ACCOUNTS PAYABLE

	2020	2019
Accounts payable and accrued liabilities		
Indigenous Services Canada	\$ 456,140	\$ 334,658
Wages payable	<u>6,520</u>	<u>65,155</u>
	<u>48,234</u>	<u>32,917</u>
	<u>\$ 510,894</u>	<u>\$ 432,730</u>

### 7. DEFERRED REVENUE

	March 31, 2019	March 31, 2020
<b>Federal government</b>		
Capital Surplus	\$ 47,791	\$ 47,791
Stella West Unit	<u>4,922</u>	<u>4,922</u>
	<u>\$ 52,713</u>	<u>\$ 52,713</u>

# ULKATCHO FIRST NATION

---

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

### 8. LONG-TERM DEBT

	2020	2019
Mortgage repayable in monthly installments of \$1,697 including interest at 2.41% per annum, secured by a Government of Canada ministerial guarantee, fully paid in 2019.	\$ -	\$ 13,265
Mortgage repayable in monthly installments of \$527 including interest at 2.41% per annum, secured by a Government of Canada ministerial guarantee, fully paid in 2019.	- -	2,309
Sales financing agreement payable in monthly installments 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, fully paid in 2019.	- -	6,228
	<hr/> \$ -	<hr/> \$ 21,802

### 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.

	2020	2019
Term demand loan repayable in monthly installments of \$3,117 including interest at prime plus 0.75%.	\$ -	\$ 30,061
Term demand loan repayable in monthly installments of \$3,388 including interest at prime plus 0.75%.	- -	29,898
Term demand loan repayable in monthly installments of \$2,200 including interest at prime plus 0.75%.	- -	25,518
Term demand loan repayable in monthly installments of \$15,181 including interest at prime plus 0.75%.	- -	134,397
Term demand loan repayable in monthly installments of \$2,799 including interest at prime plus 0.75%.	<hr/> 175,196	<hr/> 200,000
	<hr/> \$ 175,196	<hr/> \$ 419,874

# ULKATCHO FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

### 10. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization				2020 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	
Buildings	\$ 14,015,171	\$ -	\$ -	\$ 14,015,171	\$ 5,482,052	\$ 341,325	\$ -	\$ 8,191,794
Automotive equipment	840,640	92,813	-	933,453	794,557	26,059	-	820,616 112,837
Equipment	1,230,024	140,831	-	1,370,855	999,639	73,324	-	1,072,963 297,892
Infrastructure	5,168,725	-	-	5,168,725	2,219,480	117,970	-	2,337,450 2,831,275
Housing	9,494,839	-	-	9,494,839	7,156,781	93,522	-	7,250,303 2,244,536
	<b>\$ 30,749,399</b>	<b>\$ 233,644</b>	<b>\$ -</b>	<b>\$ 30,983,043</b>	<b>\$ 16,652,509</b>	<b>\$ 652,200</b>	<b>\$ -</b>	<b>\$ 17,304,709 \$ 13,678,334</b>

	Cost			Accumulated amortization				2019 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	
Buildings	\$ 13,969,548	\$ 45,623	\$ -	\$ 14,015,171	\$ 5,127,456	\$ 354,596	\$ -	\$ 8,533,119
Automotive equipment	824,390	16,250	-	840,640	778,289	16,268	-	794,557 46,083
Equipment	1,223,731	6,293	-	1,230,024	938,896	60,743	-	999,639 230,385
Infrastructure	5,168,725	-	-	5,168,725	2,096,595	122,885	-	2,219,480 2,949,245
Social Housing	11,456,961	-	(1,962,122)	9,494,839	8,929,524	97,419	(1,870,162)	7,156,781 2,338,058
	<b>\$ 32,643,355</b>	<b>\$ 68,166</b>	<b>\$ (1,962,122)</b>	<b>\$ 30,749,399</b>	<b>\$ 17,870,760</b>	<b>\$ 651,911</b>	<b>\$ (1,870,162)</b>	<b>\$ 16,652,509 \$ 14,096,890</b>

# ULKATCHO FIRST NATION

---

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

### 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

	2020	2019
Unrestricted		
Operating Fund	\$ 2,044,008	\$ 1,919,870
Capital Fund	10,581,505	11,000,060
Enterprise Fund	2,497,928	1,525,371
	<hr/> <b>15,123,441</b>	<hr/> 14,445,301
Restricted		
Trust Funds	<hr/> <b>74,925</b>	<hr/> 70,581
	<hr/> <b>\$ 15,198,366</b>	<hr/> <b>\$ 14,515,882</b>

### 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 CPA Canada. 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, 2020

### 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	\$ 930,623	\$ 140,321	\$ 3	\$ -
Accounts receivable	59,824	90,041	-	-
Prepaid expenses	3,389	1,101	-	-
Inventory	-	69,900	-	-
Tangible capital assets	284,023	25,394	-	-
Other assets	1,062,508	5,000	-	-
<b>Total assets</b>	<b>\$ 2,340,367</b>	<b>\$ 331,757</b>	<b>\$ 3</b>	<b>\$ -</b>
Accounts payable	\$ 285,241	\$ 60,175	\$ -	\$ -
Deferred revenue	-	21,378	-	-
Deposits	97,396	-	-	-
Other liabilities	1,281,063	67,286	-	827
<b>Total liabilities</b>	<b>1,663,700</b>	<b>148,839</b>	<b>-</b>	<b>827</b>
Share capital	-	1	3	2
Equity	676,667	182,917	-	(829)
<b>Total liabilities and equity</b>	<b>\$ 2,340,367</b>	<b>\$ 331,757</b>	<b>\$ 3</b>	<b>\$ -</b>
	Yun Ka Whut'en Development Limited Partnership	Ulkatcho Merchantile Ltd.	West Chilcotin Forest Products Ltd.	690391 B.C. Ltd.
Revenue	\$ 6,259,049	\$ 1,098,670	\$ -	\$ -
Other Income	589,117	-	-	-
	<b>6,848,166</b>	<b>1,098,670</b>	<b>-</b>	<b>-</b>
Cost of Goods Sold	5,559,270	1,018,410	-	-
General and Administrative Expenses	844,287	50,941	-	634
<b>Total expenses</b>	<b>6,403,557</b>	<b>1,069,351</b>	<b>-</b>	<b>634</b>
Net income	\$ 444,609	\$ 29,319	\$ -	\$ (634)

# ULKATCHO FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

### 14. EXPENSES BY OBJECT

For the year ended March 31	2020	2019
Amortization	\$ 652,200	\$ 743,871
Bad debts	63,489	6,622
Basic Needs	1,327,619	1,152,925
Boarding Fee	278,472	302,151
Children out of parental home	7,130	8,290
Contractors	667,067	379,845
Donations	3,250	6,093
Election costs	2,834	-
Equipment leases	10,168	17,074
Honoraria	383,094	218,884
Insurance	180,228	207,590
Interest and bank charges	25,586	44,732
Licenses, fees and dues	11,347	14,485
Living allowance	649,393	503,754
Loan payments	1,574	(2,499)
Management fees	(3,479)	122,109
Other expense	30,678	34,655
Post secondary tuition	274,329	168,440
Private Tuition	22,974	66,856
Professional fees	237,294	561,783
Program costs	160,687	235,781
Promotion	1,389	9,539
Rent	20,403	21,305
Repairs and maintenance	239,986	386,134
Special Needs	27,839	26,442
Supplies	604,521	405,735
Tangible capital asset acquisition	(78,617)	(603)
Training	9,354	-
Travel	499,872	714,782
Utilities and telephone	193,728	259,647
Vehicle	56,227	42,745
Wages and benefits	1,940,981	1,631,462
Workshops	44,602	62,461
	<hr/> \$ 8,546,219	<hr/> \$ 8,353,090

### 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 expense is recorded in the financial statements.

# ULKATCHO FIRST NATION

---

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

### 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. The MAP was updated by management, approved by a Band Council Resolution on Oct 29, 2018 and sent to ISC for approval.

### 17. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the organization's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closure of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the First Nation's operations.

The extend of the impact of the pandemic and related impact on the First Nation's operations cannot be reliably estimated at this time. In accordance with the provincial safety measures, the First Nation has developed a COVID-19 safety plan and the First Nation plans to continue operating under the new protocols beginning on March 11, 2020.

### 18. 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.

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, 2020

### 18. SEGMENTED INFORMATION, continued

	Government Development and Administration			Education			Social Development		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ 437,138	\$ 765,128	\$ 559,436	\$ 1,181,863	\$ 1,389,454	\$ 1,503,522	\$ 1,321,220	\$ 1,375,290	\$ 1,406,872
First Nations Health Authority	4,000	4,000	-	-	-	-	-	-	-
Province of BC	36,000	78,153	575	-	-	-	-	-	-
First Nations Education Steering Committee	-	-	-	95,040	88,582	149,813	-	-	-
Rental	16,900	58,147	53,806	-	-	-	-	-	-
Canadian Red Cross	-	-	38,211	-	-	-	-	-	-
Interest	7,425	8,269	5,993	-	-	-	-	-	-
Other revenue	866,385	104,492	279,425	1,150	5,238	1,290	-	-	-
<b>Total revenue</b>	<b>1,367,848</b>	<b>1,018,189</b>	<b>937,446</b>	<b>1,278,053</b>	<b>1,483,274</b>	<b>1,654,625</b>	<b>1,321,220</b>	<b>1,375,290</b>	<b>1,406,872</b>
<b>Expenses</b>									
Contractors	124,245	116,102	50,121	7,185	39,288	48,398	22,262	29,362	24,701
Honoraria	368,300	368,331	184,339	350	5,800	-	200	200	-
Insurance	22,221	125,535	139,710	1,331	12,226	12,267	-	-	-
Professional fees	60,400	96,541	158,173	-	333	5,527	-	-	-
Program costs	9,077	8,414	4,013	996,091	1,238,056	1,085,604	19,000	4,123	1,959
Supplies	132,315	256,752	31,951	57,539	68,380	121,126	41,538	19,242	33,023
Travel	84,971	109,434	56,561	47,887	52,791	110,944	12,293	5,186	6,911
Wages and benefits	792,888	525,537	232,699	592,527	468,962	444,556	201,021	123,824	169,715
Other expenses	220,616	103,788	140,710	113,817	54,576	113,106	1,120,854	1,404,405	1,202,115
<b>Total expenses</b>	<b>1,815,033</b>	<b>1,710,434</b>	<b>998,277</b>	<b>1,816,727</b>	<b>1,940,412</b>	<b>1,941,528</b>	<b>1,417,168</b>	<b>1,586,342</b>	<b>1,438,424</b>
<b>Annual surplus (deficit)</b>	<b>\$ (447,185)</b>	<b>\$ (692,245)</b>	<b>\$ (60,831)</b>	<b>\$ (538,674)</b>	<b>\$ (457,138)</b>	<b>\$ (286,903)</b>	<b>\$ (95,948)</b>	<b>\$ (211,052)</b>	<b>\$ (31,552)</b>

# ULKATCHO FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

### 18. SEGMENTED INFORMATION, continued

	2020 Budget	Health		2020 Budget	Job Creation		Economic Development		
		2020 Actual	2019 Actual		2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ -	\$ -	\$ 402,150	\$ -	\$ -	\$ -	\$ 96,000	\$ 102,686	\$ 160,707
First Nations Health Authority	1,497,824	1,517,348	1,309,696	-	-	-	-	-	-
Province of BC	-	-	-	-	-	60	20,000	1,144,379	327,747
First Nations Education Steering Committee	-	-	-	-	13,945	12,434	-	-	-
Rental	-	-	-	-	-	-	11,962	600	40,354
C.C.A.T.E.C.	-	-	-	39,107	98,210	98,662	-	-	-
Other revenue	-	12,988	8,550	-	4,320	43,485	43,200	1,016,348	344,084
<b>Total revenue</b>	<b>1,497,824</b>	<b>1,530,336</b>	<b>1,720,396</b>	<b>39,107</b>	<b>116,475</b>	<b>154,641</b>	<b>171,162</b>	<b>2,264,013</b>	<b>872,892</b>
<b>Expenses</b>									
Contractors	168,623	84,874	140,365	-	9,653	-	-	118,152	7,730
Honoraria	-	8,200	625	-	-	-	-	125	33,920
Insurance	50,130	18,316	15,075	-	-	843	-	15,250	11,165
Professional fees	10,000	-	11,723	-	-	13,368	-	129,867	312,124
Program costs	63,952	121,219	92,514	-	-	49,701	-	12,534	42,632
Supplies	214,625	206,538	179,861	-	1,881	5,983	-	20,472	27,344
Travel	153,373	288,717	309,086	-	381	2,622	-	15,904	221,751
Wages and benefits	524,611	449,204	409,857	38,687	60,407	79,042	142,250	110,138	142,303
Other expenses	346,468	110,089	252,058	-	46,358	36,088	20,000	19,690	90,967
<b>Total expenses</b>	<b>1,531,782</b>	<b>1,287,157</b>	<b>1,411,164</b>	<b>38,687</b>	<b>118,680</b>	<b>187,647</b>	<b>162,250</b>	<b>442,132</b>	<b>889,936</b>
<b>Annual surplus (deficit)</b>	<b>\$ (33,958)\$</b>	<b>243,179 \$</b>	<b>309,232 \$</b>	<b>420 \$</b>	<b>(2,205)\$</b>	<b>(33,006)\$</b>	<b>8,912 \$</b>	<b>1,821,881 \$</b>	<b>(17,044)</b>

# ULKATCHO FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

### 18. SEGMENTED INFORMATION, continued

	Public Works Operations & Maintenance			Social Housing			Capital Fund		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ 360,992	\$ 491,569	\$ 474,875	-	\$ -	\$ -	-	\$ -	\$ -
Rental	-	-	-	-	-	\$ 76,588	-	-	-
Other revenue	237,421	140,266	427,764	-	-	331,440	-	-	-
<b>Total revenue</b>	<b>598,413</b>	<b>631,835</b>	<b>902,639</b>	<b>-</b>	<b>-</b>	<b>408,028</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>									
Contractors	314,454	269,641	108,526	-	-	-	-	-	-
Honoraria	-	438	-	-	-	-	-	-	-
Insurance	8,919	8,901	11,116	-	-	17,414	-	-	-
Professional fees	-	10,553	56,868	-	-	4,000	-	-	-
Program costs	12,000	1,509	559	-	-	-	-	-	-
Supplies	7,188	31,261	6,445	-	-	-	-	-	-
Travel	27,500	27,459	6,907	-	-	-	-	-	-
Wages and benefits	156,448	202,913	153,290	-	-	-	-	-	-
Other expenses	251,135	256,187	145,472	-	-	323,606	-	652,200	651,911
<b>Total expenses</b>	<b>777,644</b>	<b>808,862</b>	<b>489,183</b>	<b>-</b>	<b>-</b>	<b>345,020</b>	<b>-</b>	<b>652,200</b>	<b>651,911</b>
<b>Annual surplus (deficit)</b>	<b>\$ (179,231)</b>	<b>\$ (177,027)</b>	<b>\$ 413,456</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 63,008</b>	<b>-</b>	<b>\$ (652,200)</b>	<b>\$ (651,911)</b>

# ULKATCHO FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

### 18. SEGMENTED INFORMATION, continued

	Enterprise Fund			Trust Funds			Consolidated totals		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,397,213	\$ 4,124,127	\$ 4,507,562
First Nations Health Authority	-	-	-	-	-	-	1,501,824	1,521,348	1,309,696
Province of BC	-	-	-	-	-	-	56,000	1,222,532	328,382
First Nations Education Steering Committee	-	-	-	-	-	-	95,040	102,527	162,247
Rental	-	-	-	-	-	-	28,862	58,747	170,748
C.C.A.T.E.C.	-	-	-	-	-	-	39,107	98,210	98,662
Canadian Red Cross	-	-	-	-	-	-	-	-	38,211
Interest	-	-	-	-	4,344	3,176	7,425	12,613	9,169
Other revenue	-	804,947	258,630	-	-	-	1,148,156	2,088,599	1,694,668
<b>Total revenue</b>	<b>-</b>	<b>804,947</b>	<b>258,630</b>	<b>-</b>	<b>4,344</b>	<b>3,176</b>	<b>6,273,627</b>	<b>9,228,703</b>	<b>8,319,345</b>
<b>Expenses</b>									
Contractors	-	-	-	-	-	-	636,769	667,072	379,841
Honoraria	-	-	-	-	-	-	368,850	383,094	218,884
Insurance	-	-	-	-	-	-	82,601	180,228	207,590
Professional fees	-	-	-	-	-	-	70,400	237,294	561,783
Program costs	-	-	-	-	-	-	1,100,120	1,385,855	1,276,982
Supplies	-	-	-	-	-	-	453,205	604,526	405,733
Travel	-	-	-	-	-	-	326,024	499,872	714,782
Wages and benefits	-	-	-	-	-	-	2,448,432	1,940,985	1,631,462
Other expenses	-	-	-	-	-	-	2,072,890	2,647,293	2,956,033
<b>Total expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,559,291</b>	<b>8,546,219</b>	<b>8,353,090</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 804,947</b>	<b>\$ 258,630</b>	<b>\$ -</b>	<b>\$ 4,344</b>	<b>\$ 3,176</b>	<b>\$ (1,285,664)</b>	<b>\$ 682,484</b>	<b>\$ (33,745)</b>