

ULKATCHO FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

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INDEPENDENT AUDITORS' REPORT

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ULKATCHO FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2022

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.

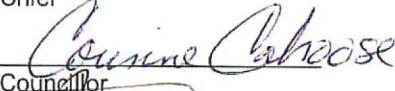
The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the 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

Jan 11, 2023
Date


Councillor

Jan 17, 2023
Date


Councillor

Jan. 17, 2023
Date


Councillor

Jan. 17, 2023
Date

Councillor

Date

Councillor

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, 2022, 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, 2022, 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 Public Sector Accounting Standards ("PSAS").

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 PSAS, 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.

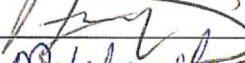
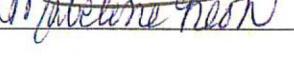


REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

KELOWNA, B.C.
January 17, 2023

ULKATCHO FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31	2022	2021
FINANCIAL ASSETS		
Cash (Note 3)	\$ 6,757,740	\$ 5,330,257
Accounts receivable (Note 4)	1,916,976	816,198
Long-term investments (Note 5)	2,955,132	1,178,295
Ottawa trust funds (Note 7)	82,073	78,192
	<hr/> <u>11,711,921</u>	<hr/> <u>7,402,942</u>
LIABILITIES		
Accounts payable (Note 9)	1,323,565	633,346
Deferred revenue (Note 10)	1,341,343	30,000
Due to/from related parties (Note 11)	167,995	405,792
Term demand loan (Note 8)	-	149,298
	<hr/> <u>2,832,903</u>	<hr/> <u>1,218,436</u>
NET FINANCIAL ASSETS	8,879,018	6,184,506
NON-FINANCIAL ASSETS		
Capital assets (Note 14)	12,995,399	13,376,001
Prepaid expenses	29,980	26,374
	<hr/> <u>13,025,379</u>	<hr/> <u>13,402,375</u>
ACCUMULATED SURPLUS (Note 13)	\$ 21,904,397	\$ 19,586,881
CONTINGENT LIABILITIES (Note 8)		
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

For the year ended March 31	2022 Budget	2022 Actual	2021
ANNUAL SURPLUS	\$ (500,000)	\$ 2,317,516	\$ 4,388,515
Acquisition of tangible capital assets	-	(282,103)	(338,031)
Amortization of tangible capital assets	-	662,705	640,364
	-	380,602	302,333
Acquisition of prepaid asset	(3,606)	(29,980)	(26,374)
Use of prepaid asset	-	26,374	299,587
	(3,606)	(3,606)	273,213
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(503,606)	2,694,512	4,964,061
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	-	6,184,506	1,220,445
NET FINANCIAL ASSETS AT END OF YEAR	\$ -	\$ 8,879,018	\$ 6,184,506

ULKATCHO FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
REVENUE			
Indigenous Services Canada	\$ 4,315,110	\$ 7,422,109	\$ 8,340,133
Province of BC	165,787	1,760,436	2,151,939
First Nations Health Authority	1,299,583	1,841,070	1,879,119
Other	333,897	351,127	424,647
Income (loss) from First Nation controlled entities	-	1,926,134	269,232
Blackwater project	-	163,000	112,500
Rental	-	13,196	92,516
Thompson Rivers University	-	34,286	86,303
Government of Canada	-	-	84,500
Cariboo Chilcotin Aboriginal Training Employment Centre	-	235,422	82,224
First Nations Education Steering Committee	-	494,523	61,818
Insurance proceeds	-	-	52,713
Vancouver Coastal Health	-	100,000	-
BC Aboriginal Child Care Society	-	118,347	27,905
Southern Dakelh Nation Alliance	-	100,000	-
Interest	-	18,616	7,680
Allocation from deferred revenue	-	30,000	52,713
Allocation to deferred revenue	-	(1,341,343)	(30,000)
	6,114,377	13,266,923	13,695,942
EXPENSES			
Government Development and Administration	1,030,276	1,739,583	2,133,088
Education	2,510,674	2,889,843	2,883,777
Social Development	1,426,757	1,655,450	1,484,234
Health	1,299,583	1,552,810	921,410
Job Creation	-	402,564	73,017
Economic Development	50,826	629,491	429,008
Public Works Operations & Maintenance	296,261	1,416,961	742,529
Capital Fund	-	662,705	640,364
	6,614,377	10,949,407	9,307,427
ANNUAL SURPLUS	(500,000)	2,317,516	4,388,515
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	-	19,586,881	15,198,366
ACCUMULATED SURPLUS AT END OF YEAR	\$ (500,000)	\$ 21,904,397	\$ 19,586,881

ULKATCHO FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2022	2022	2021
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 2,317,516	\$ 4,388,515
Items not affecting cash		
Amortization of tangible capital assets	662,705	640,364
Share of (income) loss from First Nation controlled entities	(1,776,837)	(235,648)
Investment in Ottawa Trust Funds	(3,881)	(3,266)
Loss (gain) of tangible capital assets	(11,490)	-
	1,188,013	4,789,965
Change in non-cash operating working capital	897,177	(3,711)
	2,085,190	4,786,254
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(302,931)	(338,031)
Disposal of tangible capital assets	32,319	-
	(270,612)	(338,031)
FINANCING ACTIVITIES		
Principal reduction on term demand loans	(149,298)	(25,898)
Advances to related parties	(237,797)	405,792
	(387,095)	379,894
INCREASE IN CASH AND CASH EQUIVALENTS	1,427,483	4,828,117
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,330,257	502,140
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,757,740	\$ 5,330,257

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

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 Canadian Institute of Chartered Accountants.

(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 Mercantile Ltd.
2. 690361 B.C. Ltd.
3. Yun Ka Whut'en Development Limited Partnership
4. Yun Ka Whut'en Holdings Ltd.
5. Ulkatcho Land 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, 2022

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	4% Declining balance
Automotive equipment	30% Declining balance
Equipment	20%, 30%, 55% Declining balance
Furniture and equipment	4% Declining balance
Infrastructure	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.

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(h) 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.

(i) 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.

(j) 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.

(k) 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, 2021 and March 31, 2022, no liability for contaminated sites have been recorded.

2. TERM DEMAND LOAN

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.

	2022	2021
Term demand loan repayable in monthly installments of \$2,799 including interest at prime plus 0.75%.	\$ -	\$ 149,298

The term demand loan is fully paid during the year.

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

3. CASH

	2022	2021
Unrestricted		
Cash in bank	\$ 6,757,740	\$ 5,330,257
	\$ 6,757,740	\$ 5,330,257

4. ACCOUNTS RECEIVABLE

	2022	2021
Accounts receivable	\$ 29,250	\$ 12,920
BC Aboriginal Childcare Society	59,310	-
BC Parks	13,000	-
Beach Meadow	10,920	-
C.C.A.T.E.C.	52,966	22,103
Canadian Red Cross	-	55,868
Denisiqi Services Society	211,943	100,538
First Nations Education Steering Committee	79,214	43,541
First People's Heritage	20,000	12,000
Fraser Basin Council	-	30,000
GST Receivable	114,572	-
Indigenous Services Canada	1,001,770	334,425
Insurance Corporation of BC	32,319	-
Province of BC	138,212	50,000
Southern Dekelh Nation Alliance Society	-	15,000
Thompson Rivers University	-	86,303
Tolko Industries	32,500	32,500
Vancouver Coastal Health	100,000	-
West Fraser Timber Ltd.	21,000	21,000
	\$ 1,916,976	\$ 816,198

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2022

5. LONG-TERM INVESTMENTS

	2022	2021
Investment in Yun Ka Whut'en Development LP		
Partnership units, at cost	\$ 9,999	\$ 9,999
Accumulated partners' capital	<u>2,525,166</u>	<u>858,744</u>
	2,535,165	868,743
Investment in Ulkatcho Mercantile Ltd.		
Share unit, at cost	1	1
Contributed surplus	560,867	560,867
Accumulated deficit	(159,741)	(270,156)
	401,127	290,712
Investment in 690361 B.C. Ltd.		
Share unit, at cost	2	2
Accumulated deficit	(830)	(830)
Accumulated advances	697	697
	(131)	(131)
Investment in Gatcho Resort, at cost	4,969	4,969
Investment in Traplines, at cost	13,892	13,892
Investment in BC First Nations Gaming Revenue Limited Partnership	110	110
	\$ 2,955,132	\$ 1,178,295

Investment in Ulkatcho Land Holdings Ltd., Shares (Held in Trust) at cost \$0.01.

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

6. 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.

	Yun Ka Whut'en Development Limited Partnership	Ulkatcho Mercantile Ltd.	West Chilcotin Forest Products Ltd.	690391 B.C. Ltd.
Cash	\$ 2,470,829	\$ 393,645	\$ 3	\$ -
Accounts receivable	638,645	77,946	-	-
Inventory	-	64,058	-	-
Tangible capital assets	201,964	-	-	-
Other assets	1,155,394	29,484	-	-
Total assets	\$ 4,466,832	\$ 565,133	\$ 3	\$ -

Accounts payable	\$ 205,088	\$ 89,414	\$ -	\$ -
Deferred revenue	-	34,591	-	-
Deposits	666,792	-	-	-
Other liabilities	1,055,031	107,286	-	827
Total liabilities	1,926,911	231,291	-	827
Share capital	-	1	3	2
Equity	2,539,921	333,841	-	(829)
Total equity	2,539,921	333,842	3	(827)
Total liabilities and equity	\$ 4,466,832	\$ 565,133	\$ 3	\$ -

	Yun Ka Whut'en Development Limited Partnership	Ulkatcho Mercantile Ltd.	West Chilcotin Forest Products Ltd.	690391 B.C. Ltd.
Revenue	\$ 1,835,201	\$ 1,145,817	\$ -	\$ -
Other	503,771	-	-	-
	2,338,972	1,145,817	-	-
Cost of Goods Sold	6,664	995,916	-	-
General and Administrative Expenses	514,771	39,486	-	-
Total expenses	521,435	1,035,402	-	-
Net income	\$ 1,817,537	\$ 110,415	\$ -	\$ -

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

7. OTTAWA TRUST FUNDS

	2022	2021
Capital funds held in trust	\$ 33,026	\$ 33,026
Revenue funds held in trust	\$ 49,047	\$ 45,166
	<hr/>	<hr/>
	\$ 82,073	\$ 78,192
	March 31, 2021	Additions, 2022
	March 31, 2021	March 31, 2022
Revenue funds held in trust	\$ 45,166	\$ 3,881
Capital funds held in trust	\$ 33,026	\$ -
	<hr/>	<hr/>
	\$ 78,192	\$ 3,881
	<hr/>	<hr/>
	\$ 78,192	\$ 82,073

8. 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.

9. ACCOUNTS PAYABLE

	2022	2021
Accounts payable and accrued liabilities	\$ 1,128,708	\$ 523,720
Wages payable	\$ 194,857	\$ 109,626
	<hr/>	<hr/>
	\$ 1,323,565	\$ 633,346

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2022

10. DEFERRED REVENUE

	March 31, 2021	Funding received, 2022	Revenue recognized, 2022	March 31, 2022
Federal government				
Indigenous Services Canada	\$ -	\$ 1,169,529	\$ -	\$ 1,169,529
Provincial Government				
Province of BC	30,000	100,000	(130,000)	-
C.C.A.T.E.C.	-	171,814	-	171,814
	30,000	271,814	(130,000)	171,814
	\$ 30,000	\$ 1,441,343	\$ (130,000)	\$ 1,341,343

11. DUE TO/FROM RELATED PARTIES

	2022	2021
Yun Ka Whut'en Development LP	\$ 100,532	\$ 414,859
Ulkatcho Mercantile Ltd.	22,647	11,117
UFN Land Holdings Ltd.	44,816	(20,184)
	\$ 167,995	\$ 405,792

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. 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.

The Management Action Plan (MAP) has not been updated since November 2018 due to delays in receiving the March 31, 2019 financial statements and then secondly due to the onset of COVID-19. It is anticipated that the MAP will be reviewed upon submission of the March 31, 2022 audit.

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2022

13. ACCUMULATED SURPLUS

	2022	2021
Unrestricted		
Operating Fund	\$ 7,198,143	\$ 6,462,358
Capital Fund	9,930,888	10,279,172
Enterprise Fund	4,693,294	2,767,160
	21,822,325	19,508,690
Restricted		
Trust Funds	82,072	78,191
	\$ 21,904,397	\$ 19,586,881

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

14. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization				2022 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	
Buildings	\$ 14,075,240	\$ 266,033	\$ -	\$ 14,341,273	\$ 6,151,152	\$ 321,709	\$ -	\$ 6,472,861	\$ 7,868,412
Automotive equipment	1,132,291	36,898	(35,254)	1,133,935	863,457	67,296	(2,936)	927,817	206,118
Equipment	1,449,979	-	-	1,449,979	1,139,679	67,299	-	1,206,978	243,001
Infrastructure	5,168,725	-	-	5,168,725	2,450,701	108,721	-	2,559,422	2,609,303
Housing	9,494,839	-	-	9,494,839	7,340,084	86,190	-	7,426,274	2,068,565
	\$ 31,321,074	\$ 302,931	\$ (35,254)	\$ 31,588,751	\$ 17,945,073	\$ 651,215	\$ (2,936)	\$ 18,593,352	\$ 12,995,399

	Cost				Accumulated amortization				2021 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	
Buildings	\$ 14,015,171	\$ 60,069	\$ -	\$ 14,075,240	\$ 5,823,377	\$ 327,775	\$ -	\$ 6,151,152	\$ 7,924,088
Automotive equipment	933,453	198,838	-	1,132,291	820,616	42,841	-	863,457	268,834
Equipment	1,370,855	79,124	-	1,449,979	1,072,963	66,716	-	1,139,679	310,300
Infrastructure	5,168,725	-	-	5,168,725	2,337,450	113,251	-	2,450,701	2,718,024
Social Housing	9,494,839	-	-	9,494,839	7,250,303	89,781	-	7,340,084	2,154,755
	\$ 30,983,043	\$ 338,031	\$ -	\$ 31,321,074	\$ 17,304,709	\$ 640,364	\$ -	\$ 17,945,073	\$ 13,376,001

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2022

15. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period.

16. EXPENSES BY OBJECT

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
Amortization	\$ -	\$ 662,705	\$ 640,364
Bad debts	-	55,868	-
Basic needs	1,028,494	1,269,500	1,305,201
Boarding Fee	280,000	291,169	291,049
COVID-19 School Restart	-	-	25,385
Children out of parental home	8,290	9,303	8,588
Contractors	188,959	1,442,803	570,617
Donations	-	17,527	117
Elder Wood Contracts	-	54,834	38,950
Election costs	3,500	-	3,500
Equipment leases	20,000	7,781	22,990
Honoraria	113,205	196,418	312,908
Insurance	20,008	228,913	221,777
Interest and bank charges	9,000	7,989	17,250
Licenses, fees and dues	11,336	13,082	14,766
Living allowance	649,100	773,546	866,046
Management fees	241,814	-	-
Minor Capital	-	-	18,277
Other expense	16,040	14,776	6,722
Post secondary tuition	783,386	705,658	927,608
Private Tuition	74,643	53,134	57,629
Professional fees	111,500	377,226	334,535
Program costs	58,954	53,800	59,496
Promotion	1,500	1,169	1,845
Rent	2,400	11,069	45,658
Repairs and maintenance	87,331	224,042	306,586
Snow removal/grading	26,000	34,889	21,870
Special Needs	37,010	199,070	447,721
Supplies	284,103	854,776	290,441
Tangible capital asset acquisition	15,007	119,923	64,414
Travel	112,873	343,311	228,606
Utilities and telephone	175,037	303,589	272,433
Vehicle	42,369	30,288	17,234
Wages and benefits	2,183,518	2,407,829	1,853,259
Workshops	29,000	183,420	13,585
	\$ 6,614,377	\$ 10,949,407	\$ 9,307,427

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

17. 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.

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

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, 2022

18. SEGMENTED INFORMATION, continued

	Government Development and Administration			Education		Social Development			
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues									
Indigenous Services Canada	\$ 554,930	\$ 1,485,455	\$ 2,639,663	\$ 1,986,336	\$ 2,699,383	\$ 2,145,426	\$ 1,426,757	\$ 2,429,413	\$ 1,469,417
Province of BC	165,787	167,787	1,305	-	-	-	-	-	-
First Nations Education Steering Committee	-	-	-	-	470,789	61,818	-	-	-
Rental	-	13,198	59,780	-	-	-	-	-	-
Interest	-	14,735	4,414	-	-	-	-	-	-
Other revenue	309,559	(132,901)	285,748	24,338	(527,230)	60,004	-	-	-
Total revenue	1,030,276	1,548,274	2,990,910	2,010,674	2,642,942	2,267,248	1,426,757	2,429,413	1,469,417
Expenses									
Contractors	12,785	188,163	76,943	-	59,562	4,112	69,039	9,882	6,021
Honoraria	108,205	174,873	310,033	-	10,150	2,750	-	650	-
Insurance	1,108	162,433	151,804	10,000	19,733	14,698	-	5,000	-
Professional fees	100,000	157,329	254,394	10,000	34,789	10,087	-	3,553	-
Program costs	-	-	-	1,803,621	1,845,589	2,157,148	2,500	38	6,149
Supplies	36,000	193,034	85,454	50,391	171,457	57,893	46,172	3,980	17,181
Travel	5,000	4,550	16,300	15,872	36,590	36,249	10,000	4,234	-
Wages and benefits	636,767	595,930	559,027	527,083	630,685	523,551	195,252	137,682	76,537
Other expenses	130,411	263,271	679,133	93,707	81,288	77,289	1,103,794	1,490,431	1,378,346
Total expenses	1,030,276	1,739,583	2,133,088	2,510,674	2,889,843	2,883,777	1,426,757	1,655,450	1,484,234
Annual surplus (deficit)	\$ -	\$ (191,309)	\$ 857,822	\$ (500,000)	\$ (246,901)	\$ (616,529)	\$ -	\$ 773,963	\$ (14,817)

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

18. SEGMENTED INFORMATION, continued

	2022 Budget	Health		2022 Budget	Job Creation		Economic Development		
		2022 Actual	2021 Actual		2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,277	\$ 50,826	\$ 50,826	\$ 159,975
First Nations Health Authority	1,299,583	1,841,070	1,879,119	-	-	-	-	-	-
Province of BC	-	475,000	-	-	167,700	658,910	-	849,949	1,429,493
First Nations Education Steering Committee	-	-	-	-	23,734	-	-	-	-
C.C.A.T.E.C.	-	-	-	-	235,422	82,224	-	-	-
Other revenue	-	234,155	27,449	-	(37,458)	114,208	-	376,200	252,057
Total revenue	1,299,583	2,550,225	1,906,568	-	389,398	873,619	50,826	1,276,975	1,841,525
Expenses									
Contractors	71,016	117,726	30,055	-	32,364	4,206	-	203,318	224,944
Honoraria	5,000	8,545	-	-	2,200	125	-	-	-
Insurance	6,800	12,437	15,472	-	1,175	1,175	-	18,585	12,570
Professional fees	-	7,203	675	-	-	-	-	137,952	67,804
Program costs	39,962	85,074	76,645	-	1,440	836	-	-	-
Supplies	140,145	243,687	70,807	-	44,777	5,461	-	(3,198)	5,748
Travel	80,501	262,652	164,041	-	23,772	676	-	10,090	7,985
Wages and benefits	679,631	668,157	455,841	-	67,156	40,174	50,826	241,411	94,759
Other expenses	276,528	147,329	107,874	-	229,680	20,364	-	21,333	15,198
Total expenses	1,299,583	1,552,810	921,410	-	402,564	73,017	50,826	629,491	429,008
Annual surplus (deficit)	\$ -	\$ 997,415	\$ 985,158	\$ -	\$ (13,166)	\$ 800,602	\$ -	\$ 647,484	\$ 1,412,517

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

18. SEGMENTED INFORMATION, continued

	Public Works Operations & Maintenance			Social Housing			Capital Fund		
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues									
Indigenous Services Canada	\$ 296,261	\$ 757,032	\$ 1,907,375	-	\$ -	\$ -	\$ -	\$ -	\$ -
Province of BC	-	100,000	62,231	-	-	-	-	-	-
Rental	-	-	32,737	-	-	-	-	-	-
Other revenue	-	(368,843)	71,813	-	-	-	-	11,490	-
Total revenue	296,261	488,189	2,074,156	-	-	-	-	11,490	-
Expenses									
Contractors	36,119	831,788	224,336	-	-	-	-	-	-
Insurance	2,100	9,550	26,058	-	-	-	-	-	-
Professional fees	1,500	36,400	1,575	-	-	-	-	-	-
Program costs	26,000	34,889	21,870	-	-	-	-	-	-
Supplies	11,395	201,039	47,897	-	-	-	-	-	-
Travel	1,500	1,423	3,355	-	-	-	-	-	-
Wages and benefits	93,960	66,805	103,371	-	-	-	-	-	-
Other expenses	123,687	235,067	314,067	-	-	-	-	662,705	640,364
Total expenses	296,261	1,416,961	742,529	-	-	-	-	662,705	640,364
Annual surplus (deficit)	\$ -	\$ (928,772)	\$ 1,331,627	-	\$ -	\$ -	\$ -	\$ (651,215)	\$ (640,364)

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

18. SEGMENTED INFORMATION, continued

	Enterprise Fund			Trust Funds			Consolidated totals		
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,315,110	\$ 7,422,109	\$ 8,340,133
First Nations Health Authority	-	-	-	-	-	-	1,299,583	1,841,070	1,879,119
Province of BC	-	-	-	-	-	-	165,787	1,760,436	2,151,939
First Nations Education Steering Committee	-	-	-	-	-	-	-	494,523	61,818
Rental	-	-	-	-	-	-	-	13,198	92,518
C.C.A.T.E.C.	-	-	-	-	-	-	-	235,422	82,224
Interest	-	-	-	-	3,881	3,266	-	18,616	7,680
Other revenue	-	1,926,134	269,232	-	-	-	333,897	1,481,547	1,080,511
Total revenue	-	1,926,134	269,232	-	3,881	3,266	6,114,377	13,266,923	13,695,942
Expenses									
Contractors	-	-	-	-	-	-	188,959	1,442,803	570,617
Honoraria	-	-	-	-	-	-	113,205	196,418	312,908
Insurance	-	-	-	-	-	-	20,008	228,913	221,777
Professional fees	-	-	-	-	-	-	111,500	377,226	334,535
Program costs	-	-	-	-	-	-	1,872,083	1,967,030	2,262,648
Supplies	-	-	-	-	-	-	284,103	854,776	290,441
Travel	-	-	-	-	-	-	112,873	343,311	228,606
Wages and benefits	-	-	-	-	-	-	2,183,519	2,407,826	1,853,260
Other expenses	-	-	-	-	-	-	1,728,127	3,131,104	3,232,635
Total expenses	-	-	-	-	-	-	6,614,377	10,949,407	9,307,427
Annual surplus (deficit)	\$ -	\$ 1,926,134	\$ 269,232	\$ -	\$ 3,881	\$ 3,266	\$ (500,000)	\$ 2,317,516	\$ 4,388,515