

ULKATCHO FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

ULKATCHO FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

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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

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, 2023, 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, 2023, 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 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.
September 12, 2023

ULKATCHO FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31	2023	2022
FINANCIAL ASSETS		
Cash (Note 2)	\$ 11,145,585	\$ 6,757,740
Accounts receivable (Note 3)	1,141,071	1,916,976
Long-term investments (Note 4)	6,025,771	2,955,132
Ottawa trust funds (Note 6)	86,946	82,073
	18,399,373	11,711,921
LIABILITIES		
Accounts payable (Note 8)	998,881	1,323,565
Deferred revenue (Note 9)	2,157,731	1,341,343
Due to/from related parties (Note 10)	139,502	167,995
	3,296,114	2,832,903
NET FINANCIAL ASSETS	15,103,259	8,879,018
NON-FINANCIAL ASSETS		
Capital assets (Note 14)	12,288,199	12,995,399
Prepaid expenses	146,137	29,980
	12,434,336	13,025,379
ACCUMULATED SURPLUS (Note 12)	\$ 27,537,595	\$ 21,904,397
CONTINGENT LIABILITIES (Note 7)		
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	2023 Budget	2023 Actual	2022 Actual
ANNUAL SURPLUS	\$ (901,608)	\$ 5,633,198	\$ 2,317,516
Acquisition of tangible capital assets	-	99,686	(282,103)
Amortization of tangible capital assets	-	607,514	662,705
	-	707,200	380,602
Acquisition of prepaid asset	(116,157)	(146,137)	(29,980)
Use of prepaid asset	-	29,980	26,374
	(116,157)	(116,157)	(3,606)
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(1,017,765)	6,224,241	2,694,512
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	-	8,879,018	6,184,506
NET FINANCIAL ASSETS AT END OF YEAR	\$ -	\$ 15,103,259	\$ 8,879,018

ULKATCHO FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31	2023 Budget	2023 Actual	2022 Actual
REVENUE			
Indigenous Services Canada	\$ 4,960,584	\$ 9,293,203	\$ 7,422,109
Income (loss) from First Nation controlled entities	-	3,743,459	1,926,134
Province of BC	744,000	3,492,266	1,760,436
First Nations Health Authority	1,324,351	1,824,893	1,841,070
Densiqi Services Society	-	570,042	-
Environment and Climate Change Canada	-	467,500	-
Other	679,840	251,170	351,127
First Nations Education Steering Committee	160,660	395,928	494,523
Sale of Sawmill	-	371,031	-
Cariboo Chilcotin Aboriginal Training Employment Centre	77,540	300,455	235,422
Interest	-	248,445	18,616
Carrier Chilcotin Tribal Council	-	206,292	-
New Relationship Trust	-	200,000	-
Habitat Conservation Trust Foundation	-	109,610	-
Vancouver Coastal Health	-	100,000	100,000
Blackwater project	-	84,402	163,000
Thompson Rivers University	-	62,163	34,286
Southern Dakelh Nation Alliance	-	51,338	100,000
Rental	36,000	34,324	13,196
BC Aboriginal Child Care Society	-	-	118,347
	7,982,975	21,806,521	14,578,266
EXPENSES			
Government Development and Administration	423,801	3,415,143	1,739,583
Education	2,606,642	2,774,277	2,889,843
Social Development	1,712,476	1,856,261	1,655,450
Health	2,164,976	2,873,206	1,552,810
Job Creation	101,540	1,135,199	402,564
Economic Development	546,015	1,447,235	629,491
Public Works Operations & Maintenance	691,583	821,389	1,416,961
Natural Resources	-	47,016	-
Capital Fund	-	607,514	662,705
Enterprise Fund	-	379,694	-
	8,247,033	15,356,934	10,949,407
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	(901,608)	6,449,587	3,628,859
OTHER			
Transfer from deferred revenue	-	1,341,343	30,000
Transfer to deferred revenue	-	(2,157,732)	(1,341,343)
	-	(816,389)	(1,311,343)
ANNUAL SURPLUS	(901,608)	5,633,198	2,317,516
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	-	21,904,397	19,586,881
ACCUMULATED SURPLUS AT END OF YEAR	\$ (901,608)	\$ 27,537,595	\$ 21,904,397

ULKATCHO FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2023	2023	2022
OPERATING ACTIVITIES		
ANNUAL SURPLUS (DEFICIT)	\$ 5,633,198	\$ 2,317,516
Items not affecting cash		
Amortization of tangible capital assets	607,514	662,705
Share of (income) loss from First Nation controlled entities	(3,070,639)	(1,776,837)
Investment in Ottawa Trust Funds	(4,873)	(3,881)
Loss (gain) of tangible capital assets	231,134	(11,490)
	3,396,334	1,188,013
Change in non-cash operating working capital	1,151,452	897,177
	4,547,786	2,085,190
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(131,448)	(302,931)
Disposal of tangible capital assets	-	32,319
	(131,448)	(270,612)
FINANCING ACTIVITIES		
Principal reduction on term demand loans	-	(149,298)
Advances to related parties	(28,493)	(237,797)
	(28,493)	(387,095)
INCREASE IN CASH AND CASH EQUIVALENTS	4,387,845	1,427,483
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,757,740	5,330,257
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 11,145,585	\$ 6,757,740

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

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, Public Works Operations and Maintenance Department, and Natural Resource 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 consolidated in Ulkatcho First Nation financial statements include Chunta Resources Society.

Organizations accounted for on a modified equity basis include:

1. Ulkatcho Mercantile Ltd.
2. 0690361 B.C. Ltd.
3. Yun Ka Whut'en Development Limited Partnership (operating as West Chilcotin Forest Products)
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, 2023

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%, 55% Declining balance
Furniture and equipment	20% 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, 2023

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, 2022 and March 31, 2023, no liability for contaminated sites have been recorded.

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(I) Financial Instruments

Measurement of financial instruments

The First Nation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The First Nation subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight line basis include cash, accounts receivable and advances to related parties.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable, and amounts due to/from related parties.

No financial assets are designated to be measured at fair value.

Impairment

For financial assets measured at cost or amortized cost, the First Nation determines whether there are indications of possible impairment. When there is an indication of impairment, and the partnership determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

2. CASH

	2023	2022
Unrestricted		
Cash in bank	\$ 11,145,585	\$ 6,757,740
	\$ 11,145,585	\$ 6,757,740

3. ACCOUNTS RECEIVABLE

	2023	2022
Accounts receivable		
Artemis Gold Inc.	\$ 98,461	\$ 29,250
BC Aboriginal Childcare Society	13,048	-
BC Hydro	10,000	59,310
BC Parks	-	13,000
Beach Meadow	-	10,920
C.C.A.T.E.C.	134,645	52,966
Cariboo Chilcotin Aboriginal Training	25,450	-
Carrier Chilcotin Tribal Council	206,292	-
Denisiqi Services Society	-	211,943
Emergency Management BC	12,158	-
First Nation Health Authority	109,438	-
First Nations Education Steering Committee	101,951	79,214
First People's Heritage	-	20,000
GST Receivable	139,674	114,572
Indigenous Services Canada	97,845	1,001,770
Insurance Corporation of BC	-	32,319
Ministry of Agriculture and Food	30,000	-
Ministry of Children & Family Development	72,470	-
Province of BC	-	138,212
Southern Dekelh Nation Alliance Society	49,089	-
The Mining Industry Human Resources	20,000	-
Tolko Industries	-	32,500
Vancouver Coastal Health	-	100,000
West Fraser Timber Ltd.	33,000	21,000
	1,153,521	1,916,976
Allowance for doubtful accounts	(12,450)	(157,039)
	\$ 1,141,071	\$ 1,916,976

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

4. LONG-TERM INVESTMENTS

	2023	2022
Investment in Yun Ka Whut'en Development LP		
Partnership units, at cost	\$ 9,999	\$ 9,999
Accumulated partners' capital	<u>4,621,850</u>	<u>2,525,166</u>
	4,631,849	2,535,165
Investment in Ulkatcho Mercantile Ltd.		
Share unit, at cost	1	1
Contributed surplus	560,867	560,867
Accumulated surplus (deficit)	814,214	(159,741)
	1,375,082	401,127
Investment in 0690361 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
	\$ 6,025,771	\$ 2,955,132

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

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

5. 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.	0690391 B.C. Ltd.
Cash	\$ 3,899,019	\$ 1,272,417	\$ -	\$ -
Accounts receivable	315,119	108,978	-	-
Prepaid expenses	875,187	103,190	-	-
Inventory	-	74,702	-	-
Tangible capital assets	479,234	1,182,260	-	-
Other assets	804,192	33,922	-	-
Total assets	\$ 6,372,751	\$ 2,775,469	\$ -	\$ -
Accounts payable	\$ 265,365	\$ 260,060	\$ -	\$ -
Deferred revenue	-	1,038,326	-	-
Deposits	145,229	-	-	-
Provision for silviculture liability	1,091,510	-	-	-
Other liabilities	231,943	102,000	-	827
Total liabilities	1,734,047	1,400,386	-	827
Share capital	-	1	3	2
Equity	4,638,704	1,375,082	-	(829)
Total equity	4,638,704	1,375,083	3	(827)
Total liabilities and equity	\$ 6,372,751	\$ 2,775,469	\$ -	\$ -

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

5. FIRST NATION CONTROLLED ENTITIES, continued

	Yun Ka Whut'en Development Limited Partnership	Ulkatcho Mercantile Ltd.	West Chilcotin Forest Products Ltd.	0690391 B.C. Ltd.
Revenue	\$ 6,873,310	\$ 878,202	\$ -	\$ -
Other	1,514,710	1,047,786	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	8,388,020	1,925,988	-	-
Cost of Goods Sold	4,910,255	914,783	-	-
General and Administrative Expenses	501,097	54,801	-	-
Other	877,885	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	6,289,237	969,584	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net income	\$ 2,098,783	\$ 956,404	\$ -	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>

6. OTTAWA TRUST FUNDS

	2023	2022
Capital funds held in trust	\$ 33,026	\$ 33,026
Revenue funds held in trust	53,920	49,047
	<hr/>	<hr/>
	\$ 86,946	\$ 82,073
	March 31, 2022	Additions, 2023
	March 31, 2023	
Revenue funds held in trust	\$ 49,047	\$ 4,873
Capital funds held in trust	33,026	-
	<hr/>	<hr/>
	\$ 82,073	\$ 4,873
	<hr/>	<hr/>
		\$ 86,946

7. 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, 2023

8. ACCOUNTS PAYABLE

	2023	2022
Accounts payable and accrued liabilities	\$ 749,042	\$ 1,128,708
Wages payable	249,839	194,857
	\$ 998,881	\$ 1,323,565

9. DEFERRED REVENUE

	March 31, 2022	Funding received, 2023	Revenue recognized, 2023	March 31, 2023
Federal government				
Indigenous Services Canada	\$ 1,169,529	\$ 1,287,939	\$ (819,650)	\$ 1,637,818
Provincial Government				
Province of BC	-	367,352	(37,469)	329,883
C.C.A.T.E.C.	171,814	116,187	(162,752)	125,249
	171,814	483,539	(200,221)	455,132
Other				
First Nations Education Steering Committee	-	19,854	-	19,854
Vancouver Coastal Health	-	39,927	-	39,927
New Relationship Trust	-	5,000	-	5,000
	-	64,781	-	64,781
	\$ 1,341,343	\$ 1,836,259	\$ (1,019,871)	\$ 2,157,731

10. DUE TO/FROM RELATED PARTIES

	2023	2022
Yun Ka Whut'en Development LP	\$ 133,394	\$ 100,532
Ulkatcho Mercantile Ltd.	37,423	22,647
UFN Land Holdings Ltd.	-	44,816
UFN Development LP	31,315	-
	\$ 139,502	\$ 167,995

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

11. 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, 2023 audit.

12. ACCUMULATED SURPLUS

	2023	2022
Unrestricted		
Operating Fund	\$ 10,220,407	\$ 7,198,142
Capital Fund	9,173,184	9,930,888
Enterprise Fund	8,057,058	4,693,294
	<hr/> 27,450,649	<hr/> 21,822,324
Restricted		
Trust Funds	<hr/> 86,946	<hr/> 82,073
	<hr/> \$ 27,537,595	<hr/> \$ 21,904,397

13. COMPARATIVE AMOUNTS

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

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

14. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization				2023 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	
Land	\$ -	\$ 30,473	\$ -	\$ 30,473	\$ -	\$ -	\$ -	\$ -	\$ 30,473
Buildings	14,341,273	55,791	(222,540)	14,174,524	6,472,861	308,042	(3,829)	6,777,074	7,397,450
Automotive equipment	1,133,935	26,999	(743,906)	417,028	927,817	63,479	(737,774)	253,522	163,506
Furniture and equipment	-	4,109	-	4,109	-	-	-	-	4,109
Equipment	1,449,979	-	(11,816)	1,438,163	1,206,978	48,878	(5,525)	1,250,331	187,832
Vehicles	-	14,076	-	14,076	-	-	-	-	14,076
Infrastructure	5,168,725	-	-	5,168,725	2,559,422	104,372	-	2,663,794	2,504,931
Housing	9,494,839	-	-	9,494,839	7,426,274	82,743	-	7,509,017	1,985,822
	\$ 31,588,751	\$ 131,448	\$ (978,262)	\$ 30,741,937	\$ 18,593,352	\$ 607,514	\$ (747,128)	\$ 18,453,738	\$ 12,288,199

	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
Social 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

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

15. EXPENSES BY OBJECT

For the year ended March 31	2023 Budget	2023 Actual	2022 Actual
Amortization	\$ -	\$ 607,514	\$ 662,705
Bad debts	-	12,450	55,868
Basic needs	1,328,189	1,506,342	1,269,500
Boarding fee	290,000	389,719	291,169
Children out of parental home	8,290	7,573	9,303
Contractors	445,059	2,102,722	1,445,854
Contributions to Ulkatcho Mercantile Ltd.	-	1,000,000	-
Contributions to Yun Ka Whut'en Development LP	-	169,568	-
Donations	-	226,000	17,527
Elder wood contracts	70,000	80,711	54,834
Election costs	7,500	2,500	-
Equipment leases	7,200	-	7,781
Honoraria	149,715	190,596	207,111
Insurance	229,902	365,204	228,913
Interest and bank charges	6,500	6,343	7,989
Licenses, fees and dues	19,800	9,449	13,082
Living allowance	602,198	634,255	773,546
Management fees	269,460	-	-
Other	71,500	43,087	16,816
Post secondary tuition	762,990	723,961	705,658
Private tuition	36,478	57,474	53,134
Professional fees	170,500	601,738	377,226
Program costs	140,511	117,269	48,590
Promotion	-	3,567	1,169
Rent	2,000	24,047	11,069
Repairs and maintenance	100,862	132,439	221,739
Snow removal/grading	35,000	15,116	34,889
Special needs	36,871	202,804	198,037
Supplies	364,370	912,270	854,839
Tangible capital asset acquisition	12,825	43,462	119,923
Training	5,000	-	-
Travel	208,060	786,507	343,395
Utilities and telephone	261,647	333,615	303,589
Vehicle	26,900	45,611	33,387
Wages and benefits	3,127,826	3,429,496	2,396,623
Workshops	87,430	573,525	184,142
	\$ 8,884,583	\$ 15,356,934	\$ 10,949,407

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

16. 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.

17. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Liquidity risk

The First Nation does have a liquidity risk in the accounts payable and accruals of \$998,881 (2022 - \$1,323,565). Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the First Nation is low and is not material.

Credit risk

The First Nation does have credit risk in accounts receivable of \$1,141,071 (2022 - \$1,916,976). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The First Nation reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The First Nation maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the First Nation is low and is not material.

18. SUBSEQUENT EVENTS

On April 19, 2023, Chief and Council approved restructuring the Ulkatcho First Nation ("UFN") business entities including:

1. Creation of a partnership named UFN Development LP ("UFNDLP") and the incorporation of UFN Development Ltd.;
2. Transfer the shares and LP units of the active UFN businesses currently held by UFN to UFNDLP. These would include the shares of Ulkatcho Mercantile Ltd., the 0690361 BC Ltd. ("Numbered Company") and West Chilcotin Forest Products Ltd. ("WCFP") the LP units in Yun Ka Whut'en Development LP ("YKWDLP") and the shares of Lhoosk'uz Ulkatcho Holdings Ltd. ("LUHL Ltd.") and LP units of Lhoosk'uz Ulkatcho Holdings LP ("LULHP").

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

19. 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.

Natural Resource includes exploration of natural resources, development of natural resources and management of all reserve lands.

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, 2023

19. SEGMENTED INFORMATION, continued

	Government Development and Administration			Education		Social Development			
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Indigenous Services Canada	\$ 659,977	\$ 2,431,169	\$ 1,485,455	\$ 1,932,002	\$ 2,497,355	\$ 2,699,383	\$ 1,712,476	\$ 2,549,266	\$ 2,429,413
Province of BC	-	194,000	167,787	-	-	-	-	-	-
First Nations Education Steering Committee	-	-	-	136,660	364,855	470,789	-	-	-
Rental	-	26,811	13,198	-	-	-	-	-	-
Interest	-	243,572	14,735	-	-	-	-	-	-
Other revenue	269,460	443,475	62,677	6,480	29,620	16,143	-	-	-
Total revenue	929,437	3,339,027	1,743,850	2,075,142	2,891,830	3,186,315	1,712,476	2,549,266	2,429,413
Expenses									
Contractors	37,400	515,064	188,163	22,000	30,730	59,562	21,000	18,182	9,882
Honoraria	129,215	140,427	186,216	3,000	7,520	10,150	-	-	-
Insurance	156,573	234,625	162,433	14,698	34,698	19,733	1,500	1,500	5,000
Professional fees	100,000	260,541	157,329	-	7,061	34,789	-	1,448	3,553
Program costs	-	1,169,568	-	1,742,656	1,828,151	1,843,729	-	-	38
Supplies	40,185	181,237	193,034	72,115	117,853	171,457	41,285	4,139	4,180
Travel	5,000	31,447	4,550	50,000	54,363	36,590	15,000	11,185	4,234
Wages and benefits	468,028	685,149	584,587	641,173	617,204	630,685	219,341	94,129	137,682
Other expenses	124,950	197,085	263,271	61,000	76,697	83,148	1,414,350	1,725,678	1,490,881
Total expenses	1,061,351	3,415,143	1,739,583	2,606,642	2,774,277	2,889,843	1,712,476	1,856,261	1,655,450
Other income	(131,914)	(76,116)	4,267	(531,500)	117,553	296,472	-	693,005	773,963
Annual surplus (deficit)	\$ (131,914)	\$ 119,460	\$ (191,309)	\$ (531,500)	\$ (152,230)	\$ (246,901)	-	\$ 510,753	\$ 773,963

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

19. SEGMENTED INFORMATION, continued

	2023 Budget	Health		Job Creation		Economic Development			2022 Actual
		2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	
Revenues									
Indigenous Services Canada	\$ -	\$ 1,025,554	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 105,826	\$ 50,826
First Nations Health Authority	1,324,351	1,824,893	1,841,070	-	-	-	-	-	-
Province of BC	-	40,000	475,000	-	311,323	167,700	744,000	2,669,819	849,949
First Nations Education Steering Committee	-	-	-	24,000	31,073	23,734	-	-	-
Rental	-	-	-	-	-	-	36,000	7,500	-
C.C.A.T.E.C.	-	-	-	77,540	300,455	235,422	-	-	-
Other revenue	403,900	1,022,457	234,155	-	107,514	152,633	-	845,660	346,200
Total revenue	1,728,251	3,912,904	2,550,225	101,540	750,365	579,489	830,000	3,628,805	1,246,975
Expenses									
Contractors	88,077	372,160	119,337	-	73,704	33,804	127,500	479,631	203,318
Honoraria	17,500	32,022	8,545	-	8,720	2,200	-	163	-
Insurance	15,515	25,515	12,437	1,175	26,175	1,175	12,570	12,570	18,585
Professional fees	70,500	81,207	7,203	-	-	-	-	241,748	137,952
Program costs	159,521	171,840	83,164	-	576	-	-	2,822	-
Supplies	187,325	342,505	243,687	4,960	120,087	44,777	5,000	27,022	(3,198)
Travel	121,281	541,470	262,736	-	71,017	23,772	16,000	60,224	10,090
Wages and benefits	1,040,404	1,154,560	668,157	84,780	245,896	67,156	354,945	353,017	241,411
Other expenses	464,853	151,927	147,544	10,625	589,024	229,680	30,000	270,038	21,333
Total expenses	2,164,976	2,873,206	1,552,810	101,540	1,135,199	402,564	546,015	1,447,235	629,491
Other income	(436,725)	1,039,698	997,415	-	(384,834)	176,925	283,985	2,181,570	617,484
Annual surplus (deficit)	\$ (436,725)	\$ 1,039,698	\$ 997,415	-	\$ (338,270)	\$ (13,166)	\$ 283,985	\$ 2,055,052	\$ 647,484

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

19. SEGMENTED INFORMATION, continued

	Public Works Operations & Maintenance			Natural Resources			Capital Fund		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Indigenous Services Canada	\$ 606,129	\$ 684,033	\$ 757,032	-	\$ -	\$ -	-	\$ -	\$ -
Province of BC	-	52,124	100,000	-	225,000	-	-	-	-
Other revenue	-	8,844	43,460	-	247,127	-	-	(231,134)	11,490
Total revenue	606,129	745,001	900,492	-	472,127	-	-	(231,134)	11,490
Expenses									
Contractors	149,082	354,897	831,788	-	40,819	-	-	-	-
Insurance	27,871	27,871	9,550	-	-	-	-	-	-
Professional fees	-	4,375	36,400	-	3,617	-	-	-	-
Program costs	35,000	15,116	34,889	-	-	-	-	-	-
Supplies	13,500	116,593	200,902	-	-	-	-	-	-
Travel	779	6,917	1,423	-	2,502	-	-	-	-
Wages and benefits	319,155	143,364	66,942	-	-	-	-	-	-
Other expenses	146,196	152,256	235,067	-	78	-	-	607,514	662,705
Total expenses	691,583	821,389	1,416,961	-	47,016	-	-	607,514	662,705
Other income	(85,454)	(76,388)	(516,469)	-	425,111	-	-	(838,648)	(651,215)
Annual surplus (deficit)	\$ (85,454)\$	(308,072)\$	(928,772)\$	-	\$ 176,819 \$	-	\$ -	\$ (838,648)\$	(651,215)

ULKATCHO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

19. SEGMENTED INFORMATION, continued

	Enterprise Fund			Trust Funds			Consolidated totals		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,960,584	\$ 9,293,203	\$ 7,422,109
First Nations Health Authority	-	-	-	-	-	-	1,324,351	1,824,893	1,841,070
Province of BC	-	-	-	-	-	-	744,000	3,492,266	1,760,436
First Nations Education Steering Committee	-	-	-	-	-	-	160,660	395,928	494,523
Rental	-	-	-	-	-	-	36,000	34,309	13,198
C.C.A.T.E.C.	-	-	-	-	-	-	77,540	300,455	235,422
Interest	-	-	-	-	4,873	3,881	-	248,445	18,616
Other revenue	-	3,743,459	1,926,134	-	-	-	679,840	6,217,022	2,792,892
Total revenue	-	3,743,459	1,926,134	-	4,873	3,881	7,982,975	21,806,521	14,578,266
Expenses									
Contractors	-	217,535	-	-	-	-	445,059	2,102,722	1,445,854
Honoraria	-	1,744	-	-	-	-	149,715	190,596	207,111
Insurance	-	2,250	-	-	-	-	229,902	365,204	228,913
Professional fees	-	1,741	-	-	-	-	170,500	601,738	377,226
Program costs	-	-	-	-	-	-	1,937,177	3,188,073	1,961,820
Supplies	-	2,834	-	-	-	-	364,370	912,270	854,839
Travel	-	7,382	-	-	-	-	208,060	786,507	343,395
Wages and benefits	-	136,189	-	-	-	-	3,127,826	3,429,508	2,396,620
Other expenses	-	10,019	-	-	-	-	2,251,974	3,780,316	3,133,629
Total expenses	-	379,694	-	-	-	-	8,884,583	15,356,934	10,949,407
Other income	-	3,363,765	1,926,134	-	4,873	3,881	(901,608)	6,449,587	3,628,859
Annual surplus (deficit)	\$ -	\$ 3,363,765	\$ 1,926,134	\$ -	\$ 4,873	\$ 3,881	\$ (901,608)	\$ 5,633,198	\$ 2,317,516