

Consolidated Financial Statements of

YUULU?IL?ATH? GOVERNMENT

And Independent Auditors' Report thereon

Year ended March 31, 2022


MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Yuulu?il?ath? Government (the "Government") are the responsibility of management, and have been prepared in compliance with legislation, and in accordance with the CPA Canada Public Sector Accounting Handbook. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.


The Government's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Executive meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Government. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Government's consolidated financial statements.



President



Director of Operations



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INDEPENDENT AUDITORS' REPORT

To the Council and Members of Yuulu?il?ath? Government

Opinion

We have audited the consolidated financial statements of the Yuulu?il?ath Government (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2022, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 auditors' report.

We are independent of the Entity 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.



Emphasis of Matter - Comparative Information

We draw attention to Note 2 to the financial statements ("Note 2"), which explains that certain comparative information presented for the year ended March 31, 2021 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

As part of our audit of the financial statements for the year ended March 31, 2022, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2021. In our opinion, such adjustments are appropriate and have been properly applied.

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 Canadian public sector accounting standards, 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 Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

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 the consolidated 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Entity 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Chilliwack, Canada
September 21, 2021

YUULU?IL?ATH? GOVERNMENT

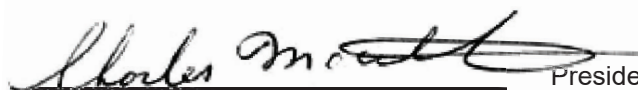
Consolidated Statement of Financial Position

March 31, 2022, with comparative information for 2021

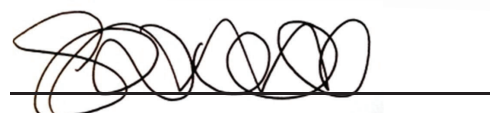
	2022	2021
		(Restated - note 2)
Financial assets:		
Cash	\$ 17,196,374	\$ 14,333,624
Accounts receivable (note 3)	2,526,027	2,420,983
Restricted cash (note 4)	3,848,295	3,789,457
Long-term investments (note 5)	52,961,287	44,305,340
Advances to related entity (note 5)	554,145	859,220
	<u>77,086,128</u>	<u>65,708,624</u>
Financial liabilities:		
Accounts payable and accrued liabilities	2,171,116	1,698,329
Deferred revenue	5,745,835	3,865,476
Long-term debt (note 6)	6,914,045	7,180,185
	<u>14,830,996</u>	<u>12,743,990</u>
Net financial assets	62,255,132	52,964,634
Non-financial assets:		
Tangible capital assets (note 7)	17,311,212	17,750,472
Prepaid expenses	150,426	34,725
	<u>17,461,638</u>	<u>17,785,197</u>
Contingent liabilities (note 13)		
Subsequent event (note 9)		
Accumulated surplus (note 8)	\$ 79,716,770	\$ 70,749,831

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of Yuulu?il?ath? Government:



President



Director of Operations

YUULU?IL?ATH? GOVERNMENT

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2022, with comparative information for 2021

	Budget (note 10)	2022	2021 (Restated - note 2)
Federal Government - grants and transfers:			
Indigenous Services Canada	\$ 16,496,858	\$ 9,094,771	\$ 12,245,496
Other grants	882,800	811,096	658,139
Other Government Sources:			
Province of BC	1,289,116	438,005	392,692
FNHA Funding	532,000	388,775	333,279
Nuu-chah-nulth Tribal Council	1,057,000	387,069	242,820
CMHC and housing charges	431,000	435,965	126,075
First Nation Education Steering Committee	95,100	199,390	112,287
First Nation:			
Settlement Trust - Investment Income	-	5,870,403	1,288,489
Investment Income - Implementation fund	-	773,973	607,526
Rental	90,000	412,415	420,635
Interest and other	150,000	209,472	362,967
Other funding	1,435,175	332,340	1,650
Property taxation	-	19,747	12,828
Net income from YFN LP	-	476,704	240,662
Total revenue	22,459,049	19,850,125	17,045,545
Expenses:			
Administration	11,108,249	3,888,539	3,442,704
Community Services	6,480,126	4,853,377	4,872,009
Lands and Resources	1,401,184	1,098,827	751,191
Housing and Maintenance	348,600	1,119,877	844,437
Culture, Language and Heritage	1,276,250	543,262	265,571
Settlement Trust	-	151,743	108,210
Implementation Fund	-	164,885	65,442
Total expenses	20,614,409	11,820,510	10,349,564
Income before the undernoted	1,844,640	8,029,615	6,695,981
Other income:			
Gain on sale of capital assets	-	19,009	-
Forgiveness of Treaty Loan (note 6)	918,315	918,315	918,135
	918,315	937,324	918,135
Annual surplus	2,762,955	8,966,939	7,614,116
Accumulated surplus, beginning of year:			
As previously reported	70,749,831	70,749,831	62,625,789
Restatement (note 2)	-	-	509,926
As restated	70,749,831	70,749,831	63,135,715
Accumulated surplus, end of year	\$ 73,512,786	\$ 79,716,770	\$ 70,749,831

The accompanying notes are an integral part of these consolidated financial statements.

YUULU?IL?ATH? GOVERNMENT

Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2022, with comparative information for 2021

	Budget (note 10)	2022	2021 (Restated - note 2)
Annual surplus	\$ 2,762,955	\$ 8,966,939	\$ 7,614,116
Tangible capital assets:			
Acquisition of tangible capital assets	(1,318,230)	(1,076,114)	(770,791)
Amortization of tangible capital assets	-	1,494,526	1,424,980
Proceeds on disposal of tangible capital assets	-	39,957	-
Gain on disposal of tangible capital assets	-	(19,009)	-
	(1,318,230)	439,360	654,189
Change in prepaids	-	(115,701)	(5,924)
Change in net financial assets	1,444,725	9,290,598	8,262,381
Net financial assets, beginning of year:			
As previously reported	52,964,534	52,964,534	44,192,327
Restatement (note 2)	-	-	509,926
As restated	52,964,534	52,964,534	44,702,253
Net financial assets, end of year	\$ 54,409,259	\$ 62,255,232	\$ 52,964,634

The accompanying notes are an integral part of these consolidated financial statements.

YUULU?IL?ATH? GOVERNMENT

Consolidated Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
		(Restated - note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 8,966,939	\$ 7,614,116
Items not involving cash:		
Amortization of tangible capital assets	1,494,526	1,424,980
Gain on disposal of tangible capital assets	(19,009)	-
Equity income in subsidiary	(476,704)	(240,662)
Forgiveness of Treaty loan	(180)	(430,140)
Changes in non-cash working capital:		
Accounts receivable	(105,044)	(1,519,166)
Accounts payable and accrued liabilities	472,787	111,889
Deferred revenue	1,880,359	1,987,659
Prepaid expenses	(115,701)	(5,924)
	<u>12,097,973</u>	<u>8,942,752</u>
Capital activities:		
Acquisition of tangible capital assets	(1,076,114)	(770,791)
Proceeds on disposal of tangible capital assets	39,957	-
	<u>(1,036,157)</u>	<u>(770,791)</u>
Investing activities:		
Advances from related entities	305,075	63,317
Increase in long term investments	(8,179,243)	(2,430,534)
Restricted cash	(58,838)	(89,696)
	<u>(7,933,006)</u>	<u>(2,456,913)</u>
Financing activities:		
Repayment of long-term debt (net of proceeds)	(265,960)	(386,464)
Refund of previous Treaty loan payments	-	487,995
	<u>(265,960)</u>	<u>101,531</u>
Increase change in cash	2,862,850	5,816,579
Cash, beginning of year	14,333,624	8,517,045
Cash, end of year	<u>\$ 17,196,474</u>	<u>\$ 14,333,624</u>

The accompanying notes are an integral part of these consolidated financial statements.

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements

Year ended March 31, 2022

1. Significant accounting policies:

The consolidated financial statements of Yuulu?il?ath? Government (the "Government") are prepared by management in accordance with the CPA Canada Public Sector Accounting Handbook. Significant accounting policies adopted by the Government are as follows:

(a) Fund accounting:

The Government uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been consolidated for the purpose of presentation in the consolidated Financial Statements. The Government maintains the following funds:

- The Operating Fund which reports the general activities of the Government administration;
- The Enterprise Fund which reports the enterprise activities of the Government;
- The Social Housing Fund which reports the social housing assets of the Government, together with related activities; and
- The Trust Fund which reports the trust fund assets of the Government, together with related activities.

(b) Reporting entity and principles of financial reporting:

The Government reporting entity includes the Yuulu?il?ath? Government and all related entities which are accountable to the Government and are either owned or controlled by the Government.

Investments in incorporated business entities are included in the consolidated financial statements using the modified equity method. YFN Holdings Limited Partnership ("YFN HLP") is 99.99% owned by the Government and YFN HLP owns all of the other subsidiary entities.

All inter-entity balances have been eliminated on consolidation.

(c) Government transfers:

Transfers from other governments, including Federal, Provincial and other governments, relate to social development, child care, housing and health programs. Amounts transferred by the Government relate to social services programs. Transfers are recognized in the consolidated financial statements as revenues or expenses in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(d) Non-financial capital assets:

Non financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Buildings, except social housing	3-25
Water and waste water systems	20
Roads	10-20
Machinery and equipment	3-20

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(e) 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 standard;
- (iii) The Government 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.

(f) Use of estimates:

The preparation of consolidated financial statements requires management 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 revenues and expenses during the period. Significant estimates include assumptions used in estimating collectibility of accounts receivable, the estimated useful lives of tangible capital assets and the estimated liability for contaminated sites. Actual results could differ from these estimates.

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(g) Financial instruments are classified into two categories - fair value or cost:

- (i) Fair value category: Includes portfolio investments that are quoted in an active market and derivative instruments reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is recorded as an expense. Unrealized gains and losses on financial assets would be recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is de-recognized due to disposal or impairment. At the time of de-recognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus.
- (ii) Cost category: Gains and losses are recognized in the Statement of Operations and Accumulated Surplus when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is included in the cost of the related investments.

The Government has not elected to record any investments at fair value.

(h) Investments:

Investments are carried at cost or at cost less impairment losses to reflect any declines in value which are other-than-temporary. Dividends from these investments are included in revenue. Discounts/premiums arising on purchase of bonds are amortized over the period to maturity.

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

2. Restatement of financial statements:

During the year the Government determined that its subsidiary entity, YFN Holdings LP had understated its investment in NCN Seafood LP, in which it held 20% ownership.

As a result of this error, the equity income for the year ended March 31, 2021 was understated by \$56,140, long term investments was understated \$566,006, and opening accumulated surplus at April 1, 2020 was understated by \$509,926.

The following adjustments were made to the comparative information as at and for the year ended March 31, 2021:

	As previously reported	Adjustment	As restated
Consolidated Statement of Financial Position:			
Long term investments	\$ 43,739,274	\$ 566,066	\$ 44,305,340
Net financial assets	52,398,568	566,066	52,964,634
Opening accumulated surplus:			
Unrestricted equity in funds	48,486,925	509,926	48,996,851
Accumulated surplus	62,625,789	509,926	63,135,715
Ending accumulated surplus:			
Unrestricted equity	53,284,718	566,066	53,850,784
Accumulated surplus	70,183,765	566,066	70,749,831
Consolidated Statement of Operations and Accumulated Surplus:			
Net income from YFN HLP	184,522	56,140	240,662
Annual surplus	7,557,976	56,140	7,614,116
Consolidated Statement of Net Financial Assets:			
Annual surplus	7,557,976	56,140	7,614,116
Net financial assets	52,398,568	566,066	52,964,634
Consolidated Statement of Cash Flows:			
Annual surplus	7,557,976	56,140	7,614,116
Equity income subsidiary	184,522	56,140	240,662

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

2. Restatement of financial statements (continued):

	As previously reported	Adjustment	As restated
Note 5 - Condensed summary information for YFN Holdings Partnership:			
Long term investments	1,121,311	566,066	1,687,377
Total assets	7,060,023	566,066	7,626,089
Partner's capital	3,545,416	566,066	4,111,482
Total liabilities and capital	7,060,023	566,066	7,626,089
Revenues	2,185,667	56,140	2,241,807
Net income from YFN LP	184,612	56,140	240,752

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

3. Accounts receivable:

Accounts receivable consists of the following:

	2022	2021
Due from members:		
Tenant rent receivable	\$ 203,138	\$ 190,757
Less allowance for doubtful accounts	(203,138)	(190,757)
	-	-
Due from others:		
GST receivable	158,827	70,669
PST receivable	194,786	209,088
Other amounts	2,248,531	2,287,129
	2,602,144	2,566,886
Less allowance for doubtful accounts	(76,117)	(145,903)
	2,526,027	2,420,983
	\$ 2,526,027	\$ 2,420,983

4. Restricted cash:

Restricted cash is comprised of:

	2022	2021
Restricted - external	\$ 2,638,732	\$ 2,624,434
Designated - internal	709,553	705,794
Social Housing Replacement & Operating Reserve	500,010	459,229
Total restricted and designated funds	\$ 3,848,295	\$ 3,789,457

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

5. Long-term investments:

	2022	2021
		(Restated - see note 2)
Implementation Fund - marketable securities, at cost	\$ 16,823,580	\$ 16,106,282
Settlement Trust - marketable securities, at cost	31,807,772	24,345,827
Investment in YFN Holdings Limited Partnership	4,329,935	3,853,231
	<u>\$ 52,961,287</u>	<u>\$ 44,305,340</u>

The fair market value of the marketable securities held is as follows:

	2022	2021
Implementation fund	\$ 17,676,645	\$ 17,067,403
Settlement Trust	29,838,240	28,135,154
	<u>\$ 47,514,885</u>	<u>\$ 45,202,557</u>

The Government owns 99.9% of the units of YFN HLP. The Government's Investment in all controlled limited partners was transferred to this limited partnership on January 1, 2012. The YFN HLP's year end is December 31, and it's net earnings (loss) are reported by the Yuulu?il?ath Government using the modified equity method.

The Government recorded their share of the equity income in YFN HLP of \$476,704 (2021 - \$240,662) based on the December 31 year end.

The Government has also loaned to YFN HLP or its subsidiary entities \$544,145 (2021 - \$859,200). These loans are without interest or fixed terms of repayment.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

5. Long-term investments (continued):

Condensed summary fiscal information for YFN Holdings Partnership at December 31, 2021 and 2020 is noted below.

	2022	2021 (Restated - see note 2)
Current assets	\$ 2,154,526	\$ 1,664,369
Capital assets	3,882,492	4,235,858
Long term investments	1,880,688	1,687,377
Related party loans	38,485	38,485
Total assets	7,956,191	7,626,089
Current liabilities	2,774,597	2,885,334
Long term debt	38,394	83,627
Related party loans	554,996	545,646
Partner's capital	4,588,204	4,111,482
Total liabilities and capital	7,956,191	7,626,089
Revenues	1,779,023	2,241,807
Expenses	1,302,241	1,288,612
	476,782	953,195
Less: Consolidation adjustment to remove gain on transfer of assets	-	712,443
Net income from YFN LP	\$ 476,782	\$ 240,752

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

6. Long-term debt:

	2022	2021
Bank of Montreal, term loan, repayable at \$28,489 per month including interest at 2.89% secured by a promissory note of the Government and a general security agreement, matures June 30, 2025	\$ 4,604,842	\$ 4,812,044
Mortgage payable - All Nations Trust Co., repayable at \$11,537 per month, including interest at 2.5% per annum; secured by a guarantee of the Government and the Government of Canada; renews June 1, 2023	1,339,881	1,443,518
Construction loan - Bank of Montreal, repayable at \$3,633 per month, including interest at 2.8% (2021 - 2.86%); secured by a general security agreement, matures August 21, 2026	610,883	636,781
Mortgage payable - All Nations Trust Co repayable at \$3,028 (2021 - \$3,014) per month including interest at 1.3% (2021 - 1.11%) per annum; secured by the guarantee of the Government and the Government of Canada; renews March 1, 2026	141,574	175,836
Government of Canada settlement loans, without interest, repayable on March 31, 2025	115,700	-
Bank of Montreal demand loan, repayable at \$2,733 per month, including interest at prime plus .75%; secured by a general security agreement	101,165	112,006
	\$ 6,914,045	\$ 7,180,185

Scheduled principal repayments for the next five years are as follows:

2023	\$ 480,603
2024	1,514,084
2025	403,844
2026	4,016,641
2027	498,873

In addition to the above long-term debt, the Government has a \$600,000 (2021 - \$600,000) overdraft loan facility which bears interest at prime plus .75%. This facility is not being utilized at March 31, 2022 (2021 - nil).

During the year ended March 31, 2020, the Government of Canada forgave the balance of the Treaty loan that was outstanding and committed to refunding Treaty loan payments previously paid, over the following five years. Refunds of prior loan payments will be treated as revenue when received. The amount included in income for the year ended March 31, 2021 is \$918,315 (2021 - \$918,135).

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

7. Tangible capital assets:

Cost	Balance March 31, 2021	Additions/ Transfers	Disposals	Balance March 31, 2022
Land	\$ 1,125,006	\$ -	\$ -	\$ 1,125,006
Buildings	17,049,841	562,090	-	17,611,931
Machinery and equipment	1,705,180	466,100	(48,167)	2,123,113
Roads	887,952	-	-	887,952
Water and waste water systems	7,826,968	-	-	7,826,968
Social housing	4,967,355	-	-	4,967,355
Assets under construction	-	47,924	-	47,924
Total	\$ 33,562,302	\$ 1,076,114	\$ (48,167)	\$ 34,590,249

Accumulated amortization	Balance March 31, 2021	Disposals	Amortization/ transfers	Balance March 31, 2022
Buildings	\$ 7,849,239	\$ -	\$ 732,938	\$ 8,582,177
Machinery and equipment	1,440,936	(27,219)	140,041	1,553,758
Roads	566,131	-	24,624	590,755
Water and waste water systems	3,834,344	-	348,455	4,182,799
Social housing	2,121,180	-	248,368	2,369,548
Total	\$ 15,811,830	\$ (27,219)	\$ 1,494,426	\$ 17,279,037

	Net book value March 31, 2021	Net book value March 31, 2022
Land	\$ 1,125,006	\$ 1,125,006
Buildings	9,200,602	9,029,754
Machinery and equipment	264,244	569,355
Roads	321,821	297,197
Water and waste water systems	3,992,624	3,644,169
Social housing	2,846,175	2,597,807
Assets under construction	-	47,924
Total	\$ 17,750,472	\$ 17,311,212

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

8. Accumulated surplus:

Accumulated surplus consists of individual fund surplus, invested in tangible capital assets and reserve funds as follows:

	2022	2021
		(Restated - note 2)
Surplus:		
Unrestricted equity in funds	\$ 61,595,729	\$ 53,850,784
Internally restricted	7,001,383	6,000,734
Surplus associated with tangible capital assets:		
Invested in tangible capital assets	10,512,867	10,570,287
Reserve funds set aside by statutory requirements:		
Replacement reserve fund (note 9)	606,791	328,026
	\$ 79,716,770	\$ 70,749,831

9. Replacement reserve fund:

In accordance with the terms and conditions of the Operating Agreement with Canada Mortgage and Housing Corporation, Yuulu?il?ath Government Non-Profit Housing must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets.

These funds are to be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

A continuity of the required funds is as follows:

	2022	2021
Replacement reserve fund:		
Opening balance	\$ 328,026	\$ 333,407
Contributions	38,450	38,450
Interest earned during the year	1,073	1,322
Contribution from CMHC	312,000	-
Replacement reserve expenditures	(72,758)	(45,153)
Closing balance	\$ 606,791	\$ 328,026

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

9. Replacement reserve fund (continued):

As at March 31, 2022, the Replacement Reserve Fund was under funded by \$339,970 (2021 - \$77,024).

Subsequent to March 31, 2022, the Government transferred \$339,970 (2021 - \$77,024) to the Replacement Reserve Fund.

10. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2022 operating and capital budgets. These budgets have been approved by the legislature.

Certain budget classifications have been reclassified to conform with the financial statement presentation. These reclassifications did not impact budgeted earnings.

11. Economic dependence:

The Government receives a major portion of its revenue pursuant to a funding arrangement with Indigenous Services Canada (ISC).

12. Comparative information:

Certain 2021 comparative information has been reclassified to conform with the financial statement presentation adopted in the current year. These reclassifications did not impact earnings.

13. Contingent liabilities:

- a) The Government is contingently liable to the Federal Government for guaranteed mortgages of certain Government's citizens. At March 31, 2022 the amount of this contingent liability was approximately \$20,000 (2020 - \$20,000) from estimates provided by ISC.
- b) The Government has guaranteed the loans of certain Limited Partnerships and Corporations which it owns. As at March 31, 2022 the total loans outstanding have a current balance totaling \$2,780,969 (2021 - \$2,261,903). The Government has also guaranteed \$270,000 (2021 - \$645,000) in overdraft and credit card facilities for these Limited Partnerships and Corporations

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

13. Contingent liabilities (continued):

- c) The Government has received funding from CMHC to provide major renovations to the homes of certain of its citizens. This funding of \$85,065 (2021 - \$85,065) becomes repayable in the event that the citizen does not remain in the house for a period of five years.
- d) The Government and its incorporated businesses are subject to legal proceedings and claims which arise in the ordinary course of business. While the outcome is not currently determinable, the Government's management does not expect that the results of these proceedings will have a material adverse effect on the Government's financial condition or results of operations.

14. Financial risks:

The financial instruments of the Government consist of cash, accounts receivable, restricted cash, investments, advances to related entities, accounts payable and accruals. Unless otherwise noted, it is managements opinion that the Government is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

The Government is exposed to financial risk that arises from the fluctuation in interest rates and in the credit quality of its customers and related-parties.

a) Credit risk

The Governments credit risk consists principally of cash and cash equivalents, accounts receivable, and loans receivable. The Government maintained cash and cash equivalents with reputable and major financial institutions.

b) Interest rate risk

The Government is exposed to interest rate risk with respect to cash and cash equivalents, and borrowings. There are no derivative financial instruments to mitigate these risks.

There has been no change to the risk exposure outlined above from 2021.

15. Segmented information:

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. The following table presents the expenses incurred and the revenue generated by each main object of expense and by major revenue type. The segment results for the period are as follows:

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements

Year ended March 31, 2022

15. Segmented information (continued):

	Administration	Community Services	Lands and Resources	Housing and Maintenance	Culture, Language and Heritage	Settlement Trust and Implementation Fund	2022	2021 (Restated - note 2)
Revenues:								
Federal government	\$ 8,048,703	\$ 1,038,204	\$ 497,881	\$ 67,890	\$ 253,189	\$ -	\$ 9,905,867	\$ 12,903,635
Other government sources	315,937	941,270	47,114	435,965	108,918	-	1,849,204	1,207,153
First Nation economic activities	324,647	69,838	36,958	363,994	178,537	-	973,974	798,080
Interest and other	-	-	-	-	-	6,644,376	6,644,376	1,896,015
Net Income (loss) from subsidiary	-	476,704	-	-	-	-	476,704	240,662
	8,689,287	2,526,016	581,953	867,849	540,644	6,644,376	19,850,125	17,045,545
Expenses:								
Operating expenses	1,255,312	2,846,231	704,260	747,970	112,544	-	5,666,317	5,387,751
Salaries, wages & benefits	1,249,003	2,007,146	394,567	69,257	430,718	-	4,150,691	3,133,188
Interest and investment fees	138,166	-	-	54,282	-	316,628	509,076	403,644
Amortization of tangible capital assets	1,246,058	-	-	248,368	-	-	1,494,426	1,424,981
	3,888,539	4,853,377	1,098,827	1,119,877	543,262	316,628	11,820,510	10,349,564
Gain on sale of capital assets	-	-	-	-	-	-	19,009	-
Forgiveness of Treaty Loan	-	-	-	-	-	-	918,315	918,135
Annual (surplus) deficit	\$ 4,800,748	\$ (2,327,361)	\$ (516,874)	\$ (252,028)	\$ (2,618)	\$ 6,327,748	\$ 8,966,939	\$ 7,614,116



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INDEPENDENT REVIEW ENGAGEMENT REPORT

To Indigenous Services Canada and Members of the Yuułuꞑiꞑath Government

We have reviewed the accompanying Schedule of Remuneration (Members of Legislature) for Yuułuꞑiꞑath Government for the year ended March 31, 2022, (the "Schedule"). The Schedule has been prepared by management in accordance with the financial reporting provisions in Section 7.3 of the Indigenous and Northern Affairs Canada 2021-2022 Year End Reporting Guide.

Management's Responsibility for the Schedule

Management is responsible for the preparation of the schedule in accordance with the financial reporting provisions in Section 7.3 of the Indigenous and Northern Affairs Canada 2021-2022 Year End Reporting Guide; this includes determining that the applicable financial framework is acceptable for the preparation of the schedule in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying schedule based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of the schedule in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on this schedule.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Schedule of Remuneration (Members of Legislature) for the year ended March 31, 2022 is not prepared, in all material respects, in accordance with the financial reporting provisions in Section 7.3 of the Indigenous and Northern Affairs Canada 2021-2022 Year End Reporting Guide.

Restriction on Use

Our report is intended solely for Indigenous Services Canada and Members of the Yuulu?i?ath Government and should not be used by parties other than Indigenous Services Canada and Members of the Yuulu?i?ath Government.

KPMG LLP

Chartered Professional Accountants

Chilliwack, Canada
September 21, 2022

Yuutu?if?ath Government
Schedule of Remuneration of Members of the Legislature
As per section 2.25 of the Constitution
For the fiscal year 2021-22

Name	Title	Months	Honoraria	Cell	CPP	Health	Pension	Total
Jack, Wilson	Hawilth/Member of	12.0	14,700		626			15,326
McCarthy, Alan	Member of Legislature	12.0	40,000	1,100	2,014	1,159		44,273
McCarthy, Charles	President	12.0	97,500		3,230	1,643	4,875	107,248
Mundy Richard	Member of Legislature	12.0	40,000	1,100	2,014	964		44,079
Touchie, Jeneva	Member of Legislature	12.0	40,000	1,100	2,014	1,467		44,581
Touchie, Jenny	Member of Legislature	12.0	40,000	1,100	2,014	1,427		44,541
Touchie, Kimberly	Member of Legislature	12.0	9,500		332			9,832
Touchie, Lorri	Member of Legislature	12.0	40,000	1,200	2,014			43,214
Thomas, Shana	Chairperson	On Call						
			321,700	5,600	14,260	6,659	4,875	353,094