
NUCHATLAHT FIRST NATION

FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

NUCHATLAHT FIRST NATION

YEAR ENDED MARCH 31, 2020
CONTENTS

	<u>Page</u>
Management's Responsibility for Financial Reporting	1
Independent Auditors' Report	2 - 3
SUMMARY OF FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 20

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

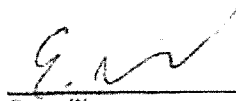
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

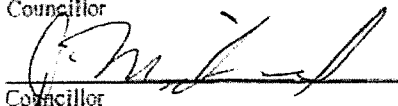
The First Nation maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

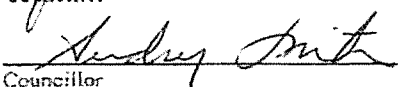
The First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The First Nation Council reviews the First Nation's consolidated financial statements and management letter. The Council meets periodically with management, as well as the external auditors, to discuss internal control 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 auditors' report. The Council approves the consolidated financial statements for issuance to the members. The Council also considers, for review and approval by the members, the engagement of the external auditors.

The consolidated financial statements have been audited by McGorman MacLean, Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the members. McGorman MacLean has full and free access to the Council.


Councillor


Councillor


Councillor

INDEPENDENT AUDITORS' REPORT

To the members
Nuchatlaht First Nation

Opinion

We have audited the accompanying consolidated financial statements of Nuchatlaht First Nation, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, changes 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 statement of financial position as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of 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 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 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 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 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 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.

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.

Parksville, Canada
October 23, 2020

McGowan Nelson
CHARTERED PROFESSIONAL ACCOUNTANTS



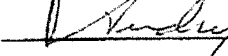
NUCHATLAHT FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash (note 4)	\$ 649,389	\$ 833,271
Funds on deposit in Ottawa Trusts (note 4)	99,356	97,423
Accounts receivable (note 5)	195,028	40,007
Investment in Hayu Fishing Limited Partnership (note 6)	1,169,075	1,021,799
Investment in 1075124 B.C. Ltd.	1	1
	2,112,849	1,992,501
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	153,601	189,875
Deferred revenue (note 7)	-	6,800
Deficit in Hayu Fishing Ltd. (note 8)	2,166	1,823
Long term debt (note 9)	99,891	1,013,877
	255,658	1,212,375
NET FINANCIAL ASSETS	1,857,191	780,126
NON-FINANCIAL ASSETS		
Deferred expenses (note 10)	11,318	20,452
Tangible capital assets (note 11)	2,067,361	2,220,719
	2,078,679	2,241,171
ACCUMULATED SURPLUS	\$ 3,935,870	\$ 3,021,297
ACCUMULATED SURPLUS AT END OF YEAR CONSISTS OF:		
Restricted (note 12 and 19)	\$ 822,997	\$ 11,947
Unrestricted	1,112,615	1,768,675
	1,935,612	1,780,622
Investment in tangible capital assets	2,000,258	2,110,651
Treaty debt deficit	-	(869,976)
	\$ 3,935,870	\$ 3,021,297

Contingent liability (note 13)

APPROVED ON BEHALF OF COUNCIL:

NUCHATLAHT FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2020

	Budget (unaudited) (note 14)	2020	2019
REVENUE			
Miscellaneous revenue and recoveries	\$ 21,430	\$ 977,336	\$ 114,762
Nuu-chah-nulth Tribal Council - operating	681,030	918,127	927,359
Province of British Columbia	629,644	621,554	62,599
Income from Hayu Fishing Limited Partnership	-	237,276	232,005
Fisheries licence lease	63,000	75,707	68,590
Sport fishing charter	-	14,175	13,864
Social Housing rents	34,333	13,625	20,880
Nuu-chah-nulth Economic Development Corporation	-	12,285	11,790
CMHC subsidies	-	4,196	4,196
Government of Canada	-	-	72,824
Loss from Hayu Fishing Ltd.	-	(343)	(227)
	1,429,437	2,873,938	1,528,642
EXPENSES			
Operating Fund	1,562,540	1,838,769	1,673,548
Social Housing Fund	-	23,386	21,357
Treaty Fund	17,323	97,210	47,073
	1,579,863	1,959,365	1,741,978
ANNUAL SURPLUS (DEFICIT)	\$ (150,426)	914,573	(213,336)
ACCUMULATED SURPLUS AT BEGINNING OF YEAR		3,021,297	3,234,633
ACCUMULATED SURPLUS AT END OF YEAR		\$ 3,935,870	\$ 3,021,297

NUCHATLAHT FIRST NATION

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS YEAR ENDED MARCH 31, 2020

	2020	2019
SURPLUS (DEFICIT) FOR THE YEAR	\$ 914,573	\$ (213,336)
Acquisition of tangible capital assets	(77,304)	(451,430)
Amortization of tangible capital assets	230,662	197,027
Acquisition of deferred expenses	(11,318)	(20,452)
Use of deferred expenses	20,452	25,785
CHANGE IN NET FINANCIAL ASSETS	1,077,065	(462,406)
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	780,126	1,242,532
NET FINANCIAL ASSETS AT END OF YEAR	\$ 1,857,191	\$ 780,126

NUCHATLAHT FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Annual surplus (deficit)		
Adjust for items that do not involve cash	\$ 914,573	\$ (213,336)
Amortization	230,662	197,027
Treaty loan forgiven	(869,976)	-
	275,259	(16,309)
Changes in non-cash working capital		
Decrease (Increase)		
Accounts receivable	(155,021)	268,018
Increase (Decrease)		
Accounts payable and accrued liabilities	(36,274)	(48,084)
Deferred revenue	(6,800)	6,800
Deferred expenses	9,134	5,333
	(188,961)	232,067
CASH FLOWS FROM OPERATING ACTIVITIES	86,298	215,758
CAPITAL TRANSACTIONS		
Investment in Hayu Fishing Limited Partnership	(147,276)	(207,005)
Deficit in Hayu Fishing Ltd.	343	227
Purchase of tangible capital assets	(77,304)	(451,430)
	(224,237)	(658,208)
FINANCING ACTIVITIES		
Repayment of long term debt	(44,010)	(5,572)
DECREASE IN CASH	(181,949)	(448,022)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	930,694	1,378,716
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 748,745	\$ 930,694
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	\$ 649,389	\$ 833,271
Funds on deposit in Ottawa Trusts	99,356	97,423
	\$ 748,745	\$ 930,694

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as outlined by the Public Sector Accounting Board (PSAB) of the Organization of Chartered Professional Accountants of British Columbia, which encompass the following principles:

(a) Basis of consolidation

The consolidated financial statements reflect a combination of the First Nation's operating, treaty, enterprise, tangible capital assets, trust and social housing funds.

The Operating Fund reports the general activities of the First Nation administration including various commercial activities.

The Treaty Fund reports the activities of the Treaty negotiating team.

The Enterprise Fund reports the activities of the First Nation's owned entities.

The Trust Fund reports on trust funds owned by the First Nation and held by third parties.

The Social Housing Fund reports the activities within the First Nation sponsored Social Housing Program.

(b) Reporting entity and principles of financial reporting

The Nuchatlaht First Nation reporting entity includes all entities which are accountable to the First Nation, and are either owned, directly or indirectly, or controlled by the First Nation.

These consolidated financial statements include the assets, liabilities and results of operations for the following entities:

Nuchatlaht First Nation government administration including special and commercial projects
Nuchatlaht First Nation Social Housing Program
Nuchatlaht First Nation Trust Fund
Hayu Fishing Limited Partnership
Hayu Fishing Ltd.
1075124 B.C. Ltd.

All inter-entity balances have been eliminated on consolidation.

(c) Cash

The First Nation's policy is to present bank balances under cash.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

- (d) Investment in Hayu Fishing Limited Partnership, Hayu Fishing Ltd. and 1075124 B.C. Ltd.

The investment in Hayu Fishing Limited Partnership, representing a twenty-five percent partnership interest, is accounted for using the modified equity method.

The investment in Hayu Fishing Ltd., representing a twenty-five percent ownership interest, is accounted for using the modified equity method.

The investment in 1075124 B.C. Ltd. is accounted for using the full consolidation method of accounting for long term investments.

- (e) Deferred expenses

Deferred expenses, which consist of prepaid expenses and a retainer for legal fees, are recorded at cost.

Scallops farm expenses include the cost of start-up and upkeep of the farm, less contributions from the Government of Canada.

- (f) Tangible capital assets

Tangible capital assets are stated at cost and are being amortized on the straight-line basis using the following rates:

Buildings and social housing	- 20 - 45 years
Infrastructure	- 20 - 25 years
Vehicles	- 8 years
Boats and equipment	- 7 years
Equipment	- 5 years
Playground	- 5 years
Computer equipment	- 3 years

In the year of acquisition, 50% of the normal amortization is recorded.

- (g) Revenue recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements.

Government transfers are recognized in the financial statements as revenue in the period the transfers are authorized and any eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient government. Transfers received which meet the definition of a liability are included in deferred revenue.

Deferred revenue consists of funding which is received, externally restricted, and will not be included in revenue until the related expenses are incurred.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

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

(h) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. Significant items subject to such estimates and assumptions include valuation of accounts receivable, deferred expenses and accrued liabilities and the estimated useful life of tangible capital assets. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

(i) Liability for contaminated sites

The First Nation recognizes and measures a liability for remediation of contaminated sites where:

- An environmental standard exists;
- Contaminated levels exceed the environmental standards;
- The First Nation is directly responsible or accepts responsibility;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability is based on the present value of the estimated costs directly attributable to the remediation and post-remediation activities.

As at March 31, 2019 and 2018, no contaminated sites have been identified that meet the criteria outlined in the standard.

(j) Future changes in accounting policies

PS 3280 Asset Retirement Obligations, issued August 2018, establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets and is effective July 1, 2021. A liability will be recognized when, as at the financial reporting date:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

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

(j) Future changes in accounting policies (continued)

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Consolidated Statement of Operations.

Management is in the process of assessing the impact of adopting this standard on the First Nation's financial results.

PS 3400 Revenue, issued November 2018, establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions".

Revenue from transactions with performance obligations should be recognized when (or as) the First Nation satisfies a performance obligation by providing the promised goods or services to a payor.

Revenue from transactions with no performance obligations should be recognized when a School District:

- Has the authority to claim or retain an inflow of economic resources; and
- Identifies a past transaction or event that gives rise to an asset.

This standard may be applied retroactively or prospectively. Management is in the process of assessing the impact of adopting this standard on the First Nation's financial results

2. FINANCIAL INSTRUMENTS

The First Nation's financial instruments consist of cash, accounts receivable, investment in Hayu Fishing Limited Partnership, investment in 1075124 B.C. Ltd., accounts payable and accrued liabilities, deficit in Hayu Fishing Ltd. and long term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments, the fair value of which approximates their carrying value. Accounts receivable are subject to credit risk as explained in note 5.

The fair market values of the investments in Hayu Fishing Limited Partnership, Hayu Fishing Ltd. and 1075124 B.C. Ltd. have not been determined and accordingly may differ from the recorded values.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

3. ECONOMIC DEPENDENCE

The First Nation receives the major portion of its operating revenue pursuant to a funding agreement between Nuuchahnulth Tribal Council, its member First Nations and Indigenous Services Canada. This agreement covers the period from April 1, 2018 to March 31, 2023.

The Nuuchahnulth Tribal Council and its member First Nations have also entered into a funding agreement with First Nations Health Authority for the same period.

4. RESTRICTED CASH

(a) Ottawa Trust Funds

The Ottawa Trust Funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

(b) Replacement Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve account is to be credited in the amount of \$5,120 annually for Social Housing Project II. These funds, along with the accumulated interest, must be held in separate bank accounts and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC.

The First Nation has fully complied with the agreement with CMHC for funding the reserve. At year end, \$48,293 was held in a separate bank account included in cash.

(c) Subsidy Surplus Reserve - Project II

Under the terms of the agreement with CMHC, excess federal assistance payments received may be retained in a subsidy surplus reserve up to a maximum of \$500 per unit plus interest. The reserve is to be comprised of monies deposited into a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. At year end, there were no funds in the subsidy surplus reserve for Project II.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

5. ACCOUNTS RECEIVABLE

	2020	2019
Rent receivable from First Nation members	\$ 14,945	\$ 47,910
Nuu-chah-nulth Tribal Council	183,042	27,398
GST recoverable	4,714	12,260
Receivable from First Nation members	12,907	8,760
CMHC subsidies	350	350
Other	6,922	-
	222,880	96,678
Less allowance for doubtful accounts	27,852	56,671
	\$ 195,028	\$ 40,007

The amounts receivable from First Nation members are not secured and an allowance for doubtful accounts has been recorded with respect to these amounts receivable.

6. INVESTMENT IN HAYU FISHING LIMITED PARTNERSHIP

Nuchatlaht First Nation owns a 25% partnership interest in Hayu Fishing Limited Partnership. The following presents condensed financial information as at December 31, 2019 for the partnership:

	December 31, 2019	December 31, 2018
Cash	\$ 714,771	\$ 718,408
Term deposit	28,237	27,720
Accounts receivable	473,630	478,181
Tangible capital assets	46,781	52,537
Intangible assets	3,622,540	2,813,540
Due from partners	8,100	6,732
	4,894,059	4,097,118
Accounts payable and accrued liabilities	37,237	9,168
Partners' equity	\$ 4,856,822	\$ 4,087,950
Revenue	\$ 1,131,510	\$ 1,090,004
Expenses	182,310	161,893
Net income	\$ 949,200	\$ 928,111

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

7. DEFERRED REVENUE

	2020	2019
BC Healthy Communities	\$ -	\$ 6,800

8. DEFICIT IN HAYU FISHING LTD.

Nuchatlaht First Nation owns a 25% interest in Hayu Fishing Ltd. Hayu Fishing Ltd. is the general partner of Hayu Fishing Limited Partnership. The following presents condensed financial information as at December 31, 2019 for the company:

	December 31, 2019	December 31, 2018
Investment	\$ 536	\$ 441
Accounts payable and accrued liabilities	9,199	7,731
Share capital	1	1
	9,200	7,732
Deficit	\$ (8,664)	\$ (7,291)
Revenue	\$ 95	\$ 93
Expenses	1,468	1,000
Net loss	\$ (1,373)	\$ (907)

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

9. LONG TERM DEBT

	2020	2019
All Nations Trust Company		
Phase II Social Housing Loan	\$ 40,855	\$ 55,631
- Interest at 1.97% compounded semi-annually		
- Renewing November 1, 2022		
- Monthly payments of \$1,309 including principal and interest		
Bank of Montreal		
Term Loan	26,246	33,222
- Interest at 4.44% per annum		
- Maturing August 31, 2024		
- Monthly payments of \$692 including principal and interest		
Term Loan	32,790	33,830
- Interest at 3.23% per annum		
- Maturing September 30, 2021		
- Monthly payments of \$176 including principal and interest		
Nuu-chah-nulth Economic Development Corporation		
Term Loan	-	21,218
- Interest at 12% per annum		
- Maturing August 1, 2021		
- Monthly payments of \$1,325 including principal and interest		
British Columbia Treaty Commission		
Treaty Negotiation Loan	-	869,976
- Interest free loan until it becomes due and payable at which time interest will be charged at a rate equal to that charged by the Consolidated Revenue Fund to provincial crown corporations		
- Loan proceeds become due and payable upon the earlier of:		
a) September 2, 2021 (extension from the previous maturity date of the twelfth (12th) anniversary of the date on which the first loan advance was made);		
b) The seventh (7th) anniversary of the date of signing of an agreement-in-principle;		
c) The date on which a treaty is signed by the parties;		
d) The date on which the agreement is terminated; or		
e) The date on which Nuu-chah-nulth Tribal Council commits an act of bankruptcy.		
Total long term debt	\$ 99,891	\$ 1,013,877

During the year, the Treaty Negotiation Loan was forgiven.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

9. LONG TERM DEBT (continued)

The Social Housing loan is secured by a ministerial guarantee from the Department of Indigenous and Northern Affairs Canada. The Bank of Montreal term loans are secured by a promissory note and an assignment of insurance.

Assuming the Social Housing loan and term loans are renewed with similar terms, principal reductions over the next five years are approximately as follows:

2021	\$ 23,476
2022	24,073
2023	19,513
2024	4,553
2025	1,222

10. DEFERRED EXPENSES

	2020	2019
Prepaid expenses	\$ 11,318	\$ 11,467
Scallops farm costs	-	8,985
	\$ 11,318	\$ 20,452

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

11. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization			Net book value at end of 2020
	Balance at end of 2019	Additions	Disposals	Balance at end of 2020	Balance at end of 2019	Disposals	Amortization 2020	
Land	\$ 70,500	\$ -	\$ -	\$ 70,500	\$ -	\$ -	\$ -	\$ 70,500
Social Housing Buildings	385,384	-	-	385,384	198,119	-	9,174	178,091
Infrastructure	686,366	-	-	686,366	559,390	-	18,619	108,357
Vehicles	2,780,283	-	-	2,780,283	1,340,308	-	104,445	1,335,530
Boats and equipment	54,729	-	-	54,729	11,237	-	1,164	42,328
Equipment	382,501	12,854	25,525	369,830	125,741	25,525	56,405	213,209
Playground	242,402	56,515	-	298,917	158,174	-	34,726	106,017
Computer equipment	43,200	-	-	43,200	43,200	-	-	-
	46,100	7,935	-	54,035	34,577	-	6,129	13,329
	\$ 4,691,465	\$ 77,304	\$ 25,525	\$ 4,743,244	\$ 2,470,746	\$ 25,525	\$ 230,662	\$ 2,067,361

	Cost				Accumulated amortization			Net book value at end of 2019
	Balance at end of 2018	Additions	Disposals	Balance at end of 2019	Balance at end of 2018	Disposals	Amortization 2019	
Land	\$ 70,500	\$ -	\$ -	\$ 70,500	\$ -	\$ -	\$ -	\$ 70,500
Social Housing Buildings	385,384	-	-	385,384	188,945	-	9,174	187,265
Infrastructure	686,366	-	-	686,366	548,013	-	11,377	126,976
Vehicles	2,577,825	202,458	-	2,780,283	1,238,917	-	101,391	1,439,975
Boats and equipment	15,312	39,417	-	54,729	9,698	-	1,539	43,492
Equipment	244,981	137,520	-	382,501	81,530	-	44,211	256,760
Playground	180,444	61,958	-	242,402	130,333	-	27,841	84,228
Computer equipment	43,200	-	-	43,200	43,200	-	-	-
	36,023	10,077	-	46,100	33,083	-	1,494	11,523
	\$ 4,240,035	\$ 451,430	\$ -	\$ 4,691,465	\$ 2,273,719	\$ -	\$ 197,027	\$ 2,220,719

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

12. RESTRICTED SURPLUS

A portion of the surplus in financial assets is classified as restricted due to the surplus being committed to specific future expenses or recoverable by the relevant funding agencies. This restricted surplus is set out on page 20 of the consolidated financial statements.

13. CONTINGENT LIABILITY

The First Nation is contingently liable with respect to a guarantee for the Social Housing loan with All Nations Trust Company in the amount of \$40,787.

14. BUDGET AMOUNTS

Unaudited budget figures have been provided for comparison purposes and have been derived from the estimates provided by the First Nation.

15. DEFINED CONTRIBUTION PENSION PLAN

Commencing January 1, 2018, the First Nation participates in a defined contribution pension plan for its eligible employees. The plan is administered by Manulife Financial and requires a minimum contribution by employees of 3% of their earnings. The First Nation contributes 4% of employees' earnings to the plan. During the year, the First Nation contributed \$13,200 to the plan. The plan is fully funded.

16. CONTRACTUAL RIGHT

The First Nation's Forest and Range Consultation and Revenue Sharing Agreement with the Province of British Columbia has a three-year term that commenced on May 5, 2018. The revenue for the next fiscal year to be received from the Province of British Columbia is estimated at \$66,664.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

17. EXPENSES BY OBJECT

	2020	2019
Accounting and administration	\$ 27,886	\$ 27,709
Amortization	234,977	200,555
Basic needs	42,761	39,627
Contracted services	149,242	179,404
Insurance	39,509	31,216
Legal fees	562,277	181,455
Other	22,600	31,476
Patient travel	33,008	31,210
Repairs and maintenance	60,962	39,410
Supplies	80,779	112,878
Support to families	64,984	127,915
Telephone	16,291	17,227
Training and workshops	33,620	18,541
Travel	82,782	92,450
Utilities	6,176	11,527
Wages and benefits	501,511	599,378
	\$ 1,959,365	\$ 1,741,978

18. FINANCIAL IMPACTS OF COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). It is not possible to reliably estimate the impact that the severity and length of the pandemic will have on the financial results of the First Nation in future periods.

19. SEGMENTED REPORTING

The First Nation provides a wide variety of services and programs to its members. These services and programs are reported under various funds as disclosed in note 1(a).

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2020

19. SEGMENTED REPORTING (continued)

PROGRAMS	Revenue	Expenses	Excess (Deficiency) of Revenue over Expenses	Fund Transfers	Program Transfers	Program Increase (Decrease)	Surplus (Deficit) at Beginning of Year	Surplus (Deficit) at End of Year
Operating Fund								
Administration	\$ 494,831	\$ 461,932	\$ 32,899	\$ (19,853)	\$ (779,976)	\$ (766,930)	\$ (209,890)	\$ (976,820)
Band services	2,000	9,105	(7,105)	-	-	(7,105)	(53,507)	(60,612)
Community operations	22,476	212,855	(190,379)	131,571	-	(58,808)	(359,304)	(418,112)
BCCI project	115,825	103,326	12,499	(5,160)	-	7,339	-	7,339
NRT - development elders	500	500	-	-	-	-	(8,426)	(8,426)
Gaming revenue sharing	487,528	465,069	22,459	(22,459)	-	-	-	-
Residential school	1,251	1,251	-	-	-	-	-	-
Social development	39,627	42,761	(3,134)	-	-	(3,134)	(33,024)	(36,158)
Education	14,379	14,379	-	-	-	-	3,509	3,509
Band owned housing	15,725	26,783	(11,058)	15,289	-	4,231	(5,830)	(1,599)
Health	83,602	88,043	(4,441)	-	-	(4,441)	338,887	334,446
Healthy child development	4,781	4,781	-	-	-	-	-	-
Brighter futures	26,491	26,491	-	-	-	-	-	-
NNADAP	19,898	19,898	-	-	-	-	-	-
Healthy living	20,490	20,490	-	-	-	-	-	-
Planning and management	16,740	16,740	-	-	-	-	-	-
Facilities operations	11,655	11,655	-	-	-	-	-	-
Patient travel	31,757	31,757	-	-	-	-	(1,198)	(1,198)
Family services	62,181	62,181	-	-	-	-	(4,309)	(4,309)
Family violence prevention	1,401	1,401	-	-	-	-	(1,924)	(1,924)
Fisheries	57,241	135,491	(78,250)	41,698	-	(36,552)	(183,960)	(220,512)
Ec. development - fisheries	75,707	48,802	26,905	-	-	26,905	632,487	659,392
Marine mammal response	72,360	32,140	40,220	(15,034)	-	25,186	-	25,186
Sport fishing charter	26,460	24,163	2,297	3,356	-	5,653	(31,843)	(26,190)
Economic development	61,666	30,932	30,734	-	-	30,734	726,496	757,230
Job creation and training	-	-	-	-	-	-	(3,303)	(3,303)
Scallops farm	8,092	18,282	(10,190)	-	-	(10,190)	-	(10,190)
Housing projects	25,882	25,882	-	-	-	-	(43,657)	(43,657)
Infrastructure	49,233	21,508	27,725	-	-	27,725	105,652	133,377
Tsunami preparedness	-	-	-	(19,020)	-	(19,020)	15,747	(3,273)
Bridge replacement	-	-	-	-	-	-	(30,182)	(30,182)
Oyster farm - old	-	-	-	-	-	-	(104,928)	(104,928)
	1,849,779	1,958,598	(108,819)	110,388	(779,976)	(778,407)	747,493	(30,914)
Social Housing Fund								
Social Housing operations	17,821	17,022	799	-	(5,120)	(4,321)	(59,681)	(64,002)
Replacement reserve	-	6,364	(6,364)	-	5,120	(1,244)	1,244	-
	17,821	23,386	(5,565)	-	-	(5,565)	(58,437)	(64,002)
Treaty Fund	887,299	97,209	790,090	-	-	790,090	(25,827)	764,263
Enterprise Fund	236,933	-	236,933	-	(90,000)	146,933	1,019,976	1,166,909
Trust Fund	1,934	-	1,934	-	-	1,934	97,422	99,356
Subtotal	2,993,766	2,079,193	914,573	110,388	(869,976)	154,985	1,780,627	1,935,612
Less administration	(119,828)	(119,828)	-	-	-	-	-	-
Add capital transfers	-	-	-	(110,388)	869,976	759,588	1,240,670	2,000,258
TOTAL	\$ 2,873,938	\$ 1,959,365	\$ 914,573	\$ -	\$ -	\$ 914,573	\$ 3,021,297	\$ 3,935,870
RESTRICTED SURPLUS (DEFICIT):								
Social development							\$ (33,024)	\$ (36,158)
Housing projects							(43,657)	(43,657)
Infrastructure							105,652	133,377
Bridge replacement							(30,182)	(30,182)
Social Housing Fund							(58,437)	(64,002)
Treaty Fund							(25,827)	764,263
Trust Fund							97,422	99,356
TOTAL RESTRICTED SURPLUS							\$ 11,947	\$ 822,997