

**HEILTSUK INDIAN BAND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2018**

# HEILTSUK INDIAN BAND

## CONSOLIDATED FINANCIAL STATEMENTS March 31, 2018

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# HEILTSUK INDIAN BAND

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2018

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The accompanying consolidated financial statements of Heiltsuk Indian Band and all the information in this annual report for the year ended March 31, 2018 are the responsibility of management and have been approved by the Chief and 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 judgement. 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 Heiltsuk Indian Band 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 Nation's assets are appropriately accounted for and adequately safeguarded.

The 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 Council reviews the financial statements and recommends their approval. The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report. The Council approves the 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 Reid Hurst Nagy Inc., Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of their members. Reid Hurst Nagy Inc. has full access to Chief and Council. Reid Hurst Nagy Inc. have full and free access to the council for information purposes.

  
Chief  
Cleary Thompson  
Executive Director

on Behalf of  
Carmen Lawson

OCT 29/18  
Date  
Oct 29. 18  
Date

## Independent Auditors' Report

To the Members of  
**Heiltsuk Indian Band**

We have audited the accompanying consolidated financial statements of Heiltsuk Indian Band, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Heiltsuk Indian Band as at March 31, 2018, and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



REID HURST NAGY INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS

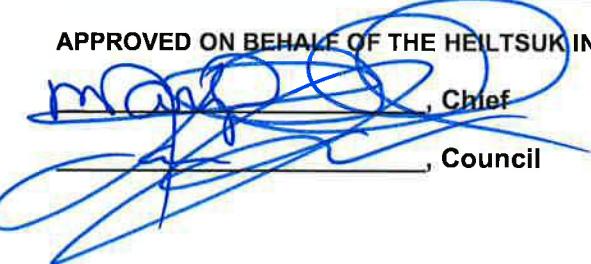
RICHMOND, B.C.  
OCTOBER 29, 2018

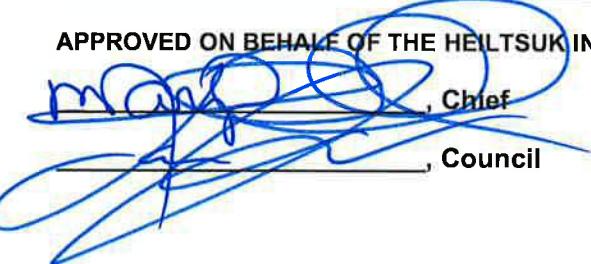
# HEILTSUK INDIAN BAND

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at March 31, 2018

	2018	2017 (Note 2)
<b>FINANCIAL ASSETS</b>		
Cash	\$ 7,881,597	\$ 9,903,048
Restricted cash (Note 5)	3,759,517	3,682,037
Accounts receivable (Note 6)	2,462,843	1,434,335
Loans receivable (Note 7)	1,248,302	211,888
Rents receivables	338,157	243,492
Long-term investments (Notes 8 and 19)	6,195,731	4,896,102
	<b>21,886,147</b>	<b>20,370,902</b>
<b>LIABILITIES</b>		
Accounts payable (Note 9)	826,699	2,481,318
Damage deposits	50,886	47,210
Deferred revenue	30,000	-
Mortgages payable (Note 11)	2,419,575	2,810,295
Loans payable (Note 10)	2,017,211	2,132,346
Land claims loans payable (Note 12)	3,964,296	3,964,296
	<b>9,308,667</b>	<b>11,435,465</b>
<b>NET FINANCIAL ASSETS</b>	<b>12,577,480</b>	<b>8,935,437</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 13)	31,592,066	30,009,523
Prepaid expenses	31,323	42,120
	<b>31,623,389</b>	<b>30,051,643</b>
<b>ACCUMULATED SURPLUS (Notes 15 and 19)</b>	<b>\$ 44,200,869</b>	<b>\$ 38,987,080</b>

### APPROVED ON BEHALF OF THE HEILTSUK INDIAN BAND

  
, Chief

  
, Council

# HEILTSUK INDIAN BAND

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the year ended March 31, 2018

	2018 Budget	2018 Actual	2017 (Note 2)
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	\$ (2,948,868)	\$ 5,213,789	\$ 14,984,463
Acquisition of tangible capital assets	-	(4,257,107)	(10,133,144)
Amortization of tangible capital assets	-	2,674,564	2,376,838
	-	(1,582,543)	(7,756,306)
Acquisition of prepaid asset	10,797	(175,077)	(39,716)
Use of prepaid asset	-	185,874	35,319
	10,797	10,797	(4,397)
<b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b>	(2,938,071)	<b>3,642,043</b>	7,223,760
<b>NET FINANCIAL ASSETS AT BEGINNING OF YEAR</b>	-	<b>8,935,437</b>	1,711,677
<b>NET FINANCIAL ASSETS AT END OF YEAR</b>	\$ -	<b>\$ 12,577,480</b>	\$ 8,935,437

# HEILTSUK INDIAN BAND

## CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS For the year ended March 31, 2018

	2018 Budget	2018 Actual	2017 Actual
<b>REVENUE</b>			
Indigenous Services Canada	\$ 13,207,883	\$ 15,988,108	\$ 22,363,441
Forestry	-	2,933,814	870,000
Province of BC	657,370	1,126,147	883,740
Department of Fisheries and Oceans	662,750	1,123,013	846,358
First Nations Education Steering Committee	-	149,839	78,076
Rental	515,910	811,667	899,467
Other	1,282,940	3,642,702	2,751,639
Great Bear Initiative	102,000	646,827	792,332
Coast Conservation Endowment	856,000	584,000	584,079
Canada Mortgage and Housing Corporation	300,022	489,552	268,258
Insurance proceeds	-	481,290	-
Kirby Corp.	-	361,844	2,382,151
Licenses	95,704	240,896	226,693
Department of Justice - Canada	62,916	176,101	69,899
Trust fund	-	72,875	62,316
Interest	1,800	25,963	67,427
Contribution from HEDC	-	-	2,000,000
Share of income (loss) from controlled entities	-	1,299,275	1,752,600
Emergency Spill Claims	-	-	200,000
	17,745,295	30,153,913	37,098,476
<b>EXPENDITURES</b>			
Administration	6,923,088	8,559,332	8,457,241
Social Development	2,077,906	2,313,514	2,133,797
Economic Development	2,010,873	3,649,841	3,875,381
Education	4,765,441	5,688,861	5,522,375
Public Works	3,592,595	5,993,534	9,566,434
Social Housing	1,324,262	1,181,684	1,347,777
Capital Fund	-	2,276,414	1,924,289
	20,694,165	29,663,180	32,827,294
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER</b>	(2,948,868)	490,733	4,271,182
<b>OTHER</b>			
Tangible capital asset additions	-	4,217,200	10,133,143
Principal reduction of long-term debt	-	505,856	580,138
	-	4,723,056	10,713,281
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	\$ (2,948,868)	\$ 5,213,789	\$ 14,984,463

# HEILTSUK INDIAN BAND

## CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS For the year ended March 31, 2018

	2018	2017
<b>EQUITY AT BEGINNING OF YEAR</b>	\$ 38,987,080	\$ 24,002,617
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>5,213,789</b>	<b>14,984,463</b>
<b>EQUITY AT END OF YEAR</b>	<b>\$ 44,200,869</b>	<b>\$ 38,987,080</b>

# HEILTSUK INDIAN BAND

## CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended March 31, 2018

	2018	2017 (Note 2)
<b>OPERATING ACTIVITIES</b>		
EXCESS OF REVENUE OVER EXPENDITURES	\$ 5,213,789	\$ 14,984,463
Items not affecting cash		
Amortization	2,674,564	2,376,838
Share of income (loss) of First Nation controlled entities	<u>(1,299,275)</u>	<u>(1,752,600)</u>
	6,589,078	15,608,701
Change in non-cash operating working capital	<u>(3,770,086)</u>	<u>2,130,055</u>
	<u>2,818,992</u>	<u>17,738,756</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of Social Housing long-term debt	(390,720)	(453,544)
Repayment of long-term debt	<u>(115,136)</u>	<u>(126,594)</u>
	<u>(505,856)</u>	<u>(580,138)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<u>(4,257,107)</u>	<u>(10,133,144)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,943,971)</b>	<b>7,025,474</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>13,585,085</b>	<b>6,559,611</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 11,641,114</b>	<b>\$ 13,585,085</b>
<b>CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:</b>		
Cash	\$ 7,881,597	\$ 9,903,048
Restricted cash	<u>3,759,517</u>	<u>3,682,037</u>
	<u>\$ 11,641,114</u>	<u>\$ 13,585,085</u>

# HEILTSUK INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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### 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

The Heiltsuk Indian Band reporting entity includes the Heiltsuk Indian Band government and all related entities that are controlled by the First Nation.

#### (b) Principles of Consolidation

Controlled entities are fully consolidated on a line-by-line basis and commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Statements on a modified equity basis. Organizations not subject to control, but significantly influenced by the First Nation are accounted for in the statements on a modified equity basis. CPA Canada Public Sector Accounting Standards require not-for-profit organizations not subject to control by the First Nation to have no recognition in the consolidated statements of the First Nation. The Heiltsuk Indian Band has opted to adopt a policy of recognizing these organizations on a modified equity basis to assist in the reporting requirements laid out under the terms of the funding agreement with Indigenous Services Canada. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Heiltsuk Indian Band'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 Heiltsuk Indian Band.

Organizations consolidated in Heiltsuk Indian Band's financial statements include:

1. Heiltsuk College/Waglisla Adult Learning Centre
2. Heiltsuk Environmental Services Ltd.
3. Heiltsuk Kaxla Society
4. Heiltsuk Indian Band Operating Fund
5. Heiltsuk Indian Band Social Housing Fund
6. Heiltsuk Indian Band Capital Fund
7. Heiltsuk Indian Band Trust Fund

Organizations accounted for on a modified equity basis include:

8. Bella Bella Fuel Co. Limited (100% owned by Heiltsuk Indian Band)
9. Bella Bella Band Store Ltd. (100% owned by Heiltsuk Indian Band)
10. Bella Bella Fisheries Ltd. (100% owned by Heiltsuk Indian Band)
11. Heiltsuk Holdings Limited Partnership (99% limited partner)
12. Heiltsuk Holdings Ltd. (100% owned by Heiltsuk Indian Band)

#### (c) Fund Accounting

The Heiltsuk Indian Band 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 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 Social Housing Fund which reports on the social housing assets of the First Nation together with their related activities.
- The Enterprise Fund which reports the First Nation's investment in self-supporting commercial entities.

# HEILTSUK INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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

#### (d) 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.

#### (e) 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.

#### (f) Internal charges and transfers

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees."

#### (g) 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 disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Actual estimates in these financial statements include collectibility of accounts receivable, useful lives of tangible capital assets and related amortization and accrued liabilities.

#### (h) Cash

Cash and cash equivalents include 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 changes in value, net of bank overdrafts.

#### (i) Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

# HEILTSUK INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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

#### (j) 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 Heiltsuk Indian Band's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Boat	10 years Straight line
Building	10 to 40 years Straight line
Fire truck	5 years Straight line
Fourplexes	30 years Straight line
Furniture and equipment	3 to 5 years Straight line
Infrastructure	10 to 20 years Straight line
Housing	3 to 20 years Straight line
Vehicles	5 years Straight line
Waste water treatment plant	15 years Straight line
Water treatment plant	15 years Straight line
Vehicle	20 years Straight line

\*Social Housing assets acquired under C.M.H.C. sponsored housing programs are being depreciated at a rate equal to the principal reduction on the mortgage of the assets.

Tangible capital assets are written down when conditions indicate that they no longer contribute to Heiltsuk Indian Band'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.

#### (k) Mortgage and loan proceeds

Proceeds from debt related to the purchase of capital assets are recorded as a reduction of the equity in Capital Fund. Annual repayment are charged to the statement of operations and changes in fund balances as capital outlays. The reduction in outstanding debt is offset by an increase in the equity of the Capital Fund.

#### (l) 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.

#### (m) Replacement Reserve

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

# HEILTSUK INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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### 2. COMPARATIVE FIGURES

In the prior year, investments in certain controlled organizations which did not qualify as government business enterprises (GBEs) were recognized using the modified equity method of accounting. One of these investments is now reported using a line-by-line consolidation approach as appropriate under PS 2500. The prior year figures have been reclassified to conform with this presentation. There was no effect on ending Members' Equity or Annual Surplus/Deficit for the prior year.

Certain other comparative figures have been reclassified to conform with the presentation in the current year.

### 3. ECONOMIC DEPENDENCE

The Heiltsuk Indian Band and controlled entities ("Band") are financially dependent on funding from government sources to operate programs and to complete capital projects. The First Nation's ability to operate certain programs depends on continuation of these sources of funding.

Contributions from Indigenous Services Canada ("ISC") are under terms of Financial Transfer Agreements ("FTA") and are provided on a block funding basis. Generally, FTA funding is provided on a multi-year basis and any unexpected balance is not repayable.

These financial statements do not reflect adjustments in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used that would be necessary if the going-concern assumption were not appropriate.

### 4. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council. Budgeted figures are unaudited.

# HEILTSUK INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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### 5. RESTRICTED CASH

Replacement Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Housing Program 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 with any interest earned to be credited as revenue to the Replacement Reserve Fund.

Operating Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Program is to set aside any surplus revenue to an operating reserve for the purpose of meeting future requirements of income listed occupants over and above the maximum federal assistance. The Fund may be replenished to its original limit from subsequent operating surpluses.

Ottawa Trust Funds:

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

	2018	2017
Replacement Reserve Fund - restricted cash	\$ 391,817	\$ 387,116
Operating Reserve Fund - restricted cash	261,113	261,209
Ottawa Trust Funds - restricted cash	<u>3,106,587</u>	<u>3,033,712</u>
	<u><b>\$ 3,759,517</b></u>	<u><b>\$ 3,682,037</b></u>

### 6. ACCOUNTS RECEIVABLE

	2018	2017
Accounts receivable - general	\$ 5,457,189	\$ 4,173,284
Indigenous Services Canada	1,350,830	260,966
Canada Mortgage and Housing Corporation	20,412	189,574
Department of Fisheries and Oceans	289,300	35,800
First Nations Education Steering Committee	<u>3,859</u>	<u>15,305</u>
	<u><b>7,121,590</b></u>	<u><b>4,674,929</b></u>
Allowance for doubtful accounts	(4,658,747)	(3,240,594)
	<u><b>\$ 2,462,843</b></u>	<u><b>\$ 1,434,335</b></u>

# HEILTSUK INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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### 7. LOANS RECEIVABLE

	2018	2017
Due from other entities	\$ 73,264	\$ 38,196
Due from Heiltsuk Fisheries	1,000,000	-
Due from Bella Bella Airport LP	7,153	5,807
Due from Fishery Resource LP	4,320	4,320
Due from Heiltsuk Economic Development Corp.	80,533	80,533
Due from Lama Pass Fuel Co. LP	85,451	85,451
Due to Band Store	(2,419)	(2,419)
	<hr/> <b>\$ 1,248,302</b>	<hr/> <b>\$ 211,888</b>

Loans to related entities have no specific terms of repayment and bear no interest.

### 8. LONG-TERM INVESTMENTS

	2018	2017
Investment in Bella Bella Fuel Company	\$ 89,380	\$ 89,380
Investment in Bella Bella Fisheries Ltd.	462,593	462,593
Investment in Bella Bella Band Store Ltd.	114,580	114,226
Investment in Heiltsuk Holdings Limited Partnership	4,709,700	3,832,813
Investment in Heiltsuk Holdings Ltd.	405	318
Non-controlled investments	819,073	396,772
	<hr/> <b>\$ 6,195,731</b>	<hr/> <b>\$ 4,896,102</b>

### 9. ACCOUNTS PAYABLE

	2018	2017
Accounts payable - general	\$ 497,618	\$ 1,942,997
Indigenous Services Canada	99,599	99,599
Receiver General - payroll deductions	2,681	24,293
Wages payable	116,001	312,004
Bella Bella School Society	110,800	102,425
	<hr/> <b>\$ 826,699</b>	<hr/> <b>\$ 2,481,318</b>

# HEILTSUK INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2018

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### 10. LOANS PAYABLE

	2018	2017
BMO Financial Group with scheduled loan payments of \$1,293 per month, including interest at prime plus 1.25% per annum, due on demand.	\$ 209,150	\$ 215,522
BMO Financial Group with scheduled loan payments of \$1,293 per month, including interest at prime plus 1.25% per annum, due on demand.	209,174	215,550
BMO Financial Group with scheduled loan payments of \$4,533 per month, including interest at prime plus 1.25% per annum, due on demand.	418,449	431,194
BMO Financial Group with scheduled loan payments of \$2,085 per month, including interest at prime plus 1.25% per annum, due on demand.	152,371	170,467
BMO Financial Group with scheduled loan payments of \$4,605 per month, including interest at prime plus 1.25% per annum, due on demand.	793,722	813,537
Canadian Imperial Bank of Commerce (CIBC) demand loan repayable in monthly installments of \$3,750 including interest at prime plus 1.50% per annum, beginning September 9, 2010.	234,345	267,896
CIBC demand loan repayable in monthly installments of \$1,667 plus interest at prime plus 2.5% per annum, secured by an aircraft.	-	4,961
Native Fishing Association loan repayable in monthly installments of \$1,610 including interest at 6.75% per annum, beginning September 30, 2008.	-	13,219
Callable portion	2,017,211	2,132,346
Current portion	2,017,211	2,114,165
	-	18,181
	<hr/>	<hr/>
	\$ -	\$ -

### 11. MORTGAGES PAYABLE

	2018	2017
All Nations Trust Company with loan payments of \$1,682 per month, including interest at 5.25% per annum secured by a Ministerial Guarantee from ISC, maturing in 2021.	\$ 61,792	\$ 78,262
All Nations Trust Company with loan payments of \$10,809 per month including interest at 1.83% per annum amortized over 24 years, secured by a Ministerial Guarantee from ISC and first mortgage on housing units, maturing in 2033.	1,758,271	1,854,961
All Nations Trust Company with loan payments of \$2,870 per month, including interest at 0.91% amortized over 21 years, secured by a Ministerial Guarantee from ISC and a first mortgage on 6 housing units, maturing in 2018.	-	31,420

# HEILTSUK INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2018

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### 11. MORTGAGES PAYABLE, continued

	2018	2017
All Nations Trust Company with loan payments of \$10,395 per month, including interest at 1.11% compounded semi-annually not in advance, amortized over 18 years and secured by a Ministerial Guarantee from ISC and a first mortgage on 28 housing units, maturing in 2018.	-	113,714
All Nations Trust Company with loan payments of \$5,173 per month, including interest at 1.67% amortized over 25 years, secured by a Ministerial Guarantee from ISC and a first mortgage on 11 housing units, maturing in 2017.	-	5,166
All Nations Trust Company with loan payments of \$6,139 per month, including interest at 1.29% amortized over 20 years, secured by a Ministerial Guarantee from ISC and a first mortgage on 15 housing units, maturing in 2020.	139,385	210,756
All Nations Trust Company with loan payments of \$2,343 per month, including interest at 1.92% amortized over 25 years, secured by a Ministerial Guarantee from ISC and a first mortgage on 6 housing units, maturing in 2019.	159,289	184,105
All Nations Trust Company with loans payments of \$2,969 per month, including interest at 1.43% amortized over 25 years, secured by a Ministerial Guarantee from ISC and a first mortgage on 9 housing units, maturing in 2027.	<u>300,838</u>	<u>331,911</u>
<hr/> <u>Current portion</u>	<u>2,419,575</u>	<u>2,810,295</u>
	<u>225,242</u>	<u>390,604</u>
<hr/>	<hr/> <u>\$ 2,194,333</u>	<hr/> <u>\$ 2,419,691</u>

Principal portion of mortgages due within the next five years:

2019	\$ 225,242
2020	222,764
2021	158,434
2022	161,256
2023 and thereafter	1,651,879
<hr/>	<hr/> <u>\$ 2,419,575</u>

### 12. LAND CLAIMS LOANS PAYABLE

The land claims loan represents funds advanced to the Band by the Federal Government for land claims settlement purposes. The advances are non-interest bearing and repayable on the date when the claims are settled.

The promissory notes are advances from INAC for land claims negotiations. The promissory notes are non-interest bearing until the date the notes become due and payable pursuant to Sections 12.1 and 12.2 of the First Nation Loan Agreement.

# HEILTSUK INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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### 13. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization					2018 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	
Boats	\$ 459,767	\$ -	\$ -	\$ 459,767	\$ 314,917	\$ 42,245	\$ -	\$ 357,162	\$ 102,605
Buildings	30,259,803	7,678,837	-	37,938,640	17,698,851	2,120,744	-	19,819,595	18,119,045
Equipment	1,095,126	600	(619,535)	476,191	1,082,078	10,679	(619,535)	473,222	2,969
Infrastructure	15,875,552	365,904	-	16,241,456	11,180,197	308,108	-	11,488,305	4,753,151
Land	1,318,225	-	-	1,318,225	-	-	-	-	1,318,225
College	233,849	-	-	233,849	223,908	4,418	-	228,326	5,523
Kaxla Society	52,562	32,180	-	84,742	19,009	10,580	-	29,589	55,153
Licenses	50,610	-	-	50,610	-	-	-	-	50,610
Social housing	9,436,523	-	(3,825,164)	5,611,359	437,517	374,251	(367,704)	444,064	5,167,295
Vehicle	281,545	-	(59,190)	222,355	276,365	5,180	(59,190)	222,355	-
Water treatment plant	6,583,819	4,750	-	6,588,569	4,405,016	166,063	-	4,571,079	2,017,490
Waste water treatment plant	9,267,364	-	-	9,267,364	9,267,364	-	-	9,267,364	-
	<b>\$ 74,914,745</b>	<b>\$ 8,082,271</b>	<b>\$ (4,503,889)</b>	<b>\$ 78,493,127</b>	<b>\$ 44,905,222</b>	<b>\$ 3,042,268</b>	<b>\$ (1,046,429)</b>	<b>\$ 46,901,061</b>	<b>\$ 31,592,066</b>

# HEILTSUK INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	Cost				Accumulated amortization				2017 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Boats	\$ 1,272,206	\$ 28,000	\$ (840,439)	\$ 459,767	\$ 1,112,673	\$ 42,683	\$ (840,439)	\$ 314,917	\$ 144,850
Buildings	25,407,511	5,564,172	(711,880)	30,259,803	17,014,269	1,396,462	(711,880)	17,698,851	12,560,952
Equipment	3,278,312	2,381	(2,185,567)	1,095,126	3,258,106	9,539	(2,185,567)	1,082,078	13,048
Infrastructure	13,649,143	2,226,409	-	15,875,552	10,868,709	311,488	-	11,180,197	4,695,355
Land	1,318,225	-	-	1,318,225	-	-	-	-	1,318,225
College	233,849	-	-	233,849	218,613	5,295	-	223,908	9,941
Kaxla Society	52,562	-	-	52,562	11,647	7,362	-	19,009	33,553
Licenses	50,610	-	-	50,610	-	-	-	-	50,610
Social housing	9,436,523	-	-	9,436,523	-	437,517	-	437,517	8,999,006
Vehicle	655,488	-	(373,943)	281,545	645,128	5,180	(373,943)	276,365	5,180
Water treatment plant	4,271,637	2,312,182	-	6,583,819	4,243,704	161,312	-	4,405,016	2,178,803
Waste water treatment plant	9,267,364	-	-	9,267,364	9,267,364	-	-	9,267,364	-
	<b>\$ 68,893,430</b>	<b>\$ 10,133,144</b>	<b>\$ (4,111,829)</b>	<b>\$ 74,914,745</b>	<b>\$ 46,640,213</b>	<b>\$ 2,376,838</b>	<b>\$ (4,111,829)</b>	<b>\$ 44,905,222</b>	<b>\$ 30,009,523</b>

# HEILTSUK INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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### 14. GOVERNMENT BUSINESS ENTERPRISES

Commercial enterprises are those organizations that meet the definition of government business enterprises as described by the Public Sector Accounting Board of 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.

- ◆ Heiltsuk Holdings

	2018 Total	2017 Total
Cash	\$ -	\$ 1
Investments in subsidiaries	<u>4,709,700</u>	<u>3,832,812</u>
<b>Total assets</b>	<b>\$ 4,709,700</b>	<b>\$ 3,832,813</b>
Equity	\$ 4,709,700	\$ 3,832,813
Total equity	<u>\$ 4,709,700</u>	<u>\$ 3,832,813</u>
	2018 Total	2017 Total
Share of net income from subsidiaries	\$ 876,887	\$ 2,109,994
Net income	<u>\$ 876,887</u>	<u>\$ 2,109,994</u>

# HEILTSUK INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2018

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### 15. ACCUMULATED SURPLUS

	2018	2017
Unrestricted		
Operating Fund	\$ 11,524,960	\$ 9,704,423
Capital Fund	<u>24,282,123</u>	<u>18,754,855</u>
	<u>35,807,083</u>	<u>28,459,278</u>
Restricted		
Land Claims Fund	(3,683,050)	(3,683,050)
Education	100,790	185,199
Social Housing	2,674,080	6,095,837
Trust Fund	3,106,588	3,033,713
Enterprise Fund	<u>6,195,378</u>	<u>4,896,103</u>
	<u>8,393,786</u>	<u>10,527,802</u>
	<b>\$ 44,200,869</b>	<b>\$ 38,987,080</b>

### 16. SEGMENTED INFORMATION

The Heiltsuk Indian Band is a government institution that provides a range of programs and services to its members, including band programs, education, economic development, community services, social services, and capital projects. For management reporting purposes, the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

First Nations services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide.

# HEILTSUK INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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### 16. SEGMENTED INFORMATION, continued

	Administration		Social Development		Economic Development				
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ 13,040,506	\$ 12,244,641	\$ 11,942,167	\$ 18,648	\$ 19,979	\$ 66,845	-	\$ 826,264	\$ 392,250
Administration fee	-	-	11,000	-	-	-	500,000	-	-
Great Bear Initiative	102,000	646,827	792,332	-	-	-	-	-	-
First Nations Education Steering Committee	-	-	-	-	149,839	78,076	-	-	-
Department of Fisheries and Oceans	319,000	490,930	270,300	-	-	-	343,750	632,083	576,058
Coast Conservation Endowment	-	-	-	-	-	-	856,000	584,000	584,079
Licenses	-	59,207	37,008	-	-	-	95,704	181,689	189,685
Rental	186,035	404,745	403,018	-	2,925	-	-	-	-
Other revenue	750,286	2,134,060	4,146,113	30,000	1,351,996	992,517	431,092	1,414,490	772,423
<b>Total revenue</b>	<b>14,397,827</b>	<b>15,980,410</b>	<b>17,601,938</b>	<b>48,648</b>	<b>1,524,739</b>	<b>1,137,438</b>	<b>2,226,546</b>	<b>3,638,526</b>	<b>2,514,495</b>
<b>Expenses</b>									
Amortization	-	4,152	2,375	-	10,580	7,362	-	-	-
Contracted services	1,823,082	816,626	1,118,905	28,318	197,047	160,001	612,580	682,088	663,424
Loan payments	165,928	184,800	227,287	-	6,598	-	57,216	4,961	20,004
Professional fees	229,504	587,855	343,636	-	35,992	74,921	4,291	759	5,369
Honoraria	244,442	305,516	312,415	5,000	31,380	16,500	79,437	40,125	24,936
Travel	184,230	364,865	271,098	66,258	87,462	45,298	90,024	142,101	133,965
Utilities	265,993	199,036	212,895	37,527	57,178	39,428	40,467	39,417	34,489
Wages and benefits	2,177,730	2,335,866	3,331,741	860,619	929,931	999,462	795,371	2,131,189	2,548,537
Other expenses	1,202,327	3,760,620	2,636,898	1,080,184	957,341	790,824	453,186	609,202	444,656
<b>Total expenses</b>	<b>6,293,236</b>	<b>8,559,336</b>	<b>8,457,250</b>	<b>2,077,906</b>	<b>2,313,509</b>	<b>2,133,796</b>	<b>2,132,572</b>	<b>3,649,842</b>	<b>3,875,380</b>
<b>Other items</b>	<b>8,104,591</b>	<b>7,421,074</b>	<b>9,144,688</b>	<b>(2,029,258)</b>	<b>(788,770)</b>	<b>(996,358)</b>	<b>93,974</b>	<b>(11,316)</b>	<b>(1,360,885)</b>
<b>Annual surplus (deficit)</b>	<b>\$ 8,104,591</b>	<b>\$ 7,418,697</b>	<b>\$ 9,147,068</b>	<b>(\$ 2,029,258)</b>	<b>(\$ 788,770)</b>	<b>(\$ 996,358)</b>	<b>\$ 93,974</b>	<b>(\$ 6,355)</b>	<b>(\$ 1,340,881)</b>

# HEILTSUK INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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### 16. SEGMENTED INFORMATION, continued

	2018 Budget	Education 2018 Actual	2017 Actual	2018 Budget	Public Works 2018 Actual	2017 Actual	2018 Budget	Social Housing 2018 Actual	2017 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ 12,529	\$ 335,051	\$ 159,772	-	\$ 2,562,173	\$ 9,802,407	\$ 136,200	-	\$ -
Rental	-	-	-	8,500	9,608	8,091	321,375	394,389	488,358
Other revenue	-	85,680	193,298	5,496	3,802,436	2,927,759	588,174	448,751	450,004
<b>Total revenue</b>	<b>12,529</b>	<b>420,731</b>	<b>353,070</b>	<b>13,996</b>	<b>6,374,217</b>	<b>12,738,257</b>	<b>1,045,749</b>	<b>843,140</b>	<b>938,362</b>
<b>Expenses</b>									
Amortization	-	4,418	5,294	-	-	-	-	374,251	437,517
Contracted services	-	27,956	19,492	2,488,504	4,043,196	7,644,314	-	31,730	36,237
Loan payments	-	-	-	25,028	-	-	797,230	374,250	437,517
Professional fees	-	5,100	6,750	266,000	249,042	298,696	-	10,600	10,600
Honoraria	-	4,440	3,275	-	240	-	-	-	-
Travel	-	16,972	21,844	78,000	42,845	12,019	-	-	-
Utilities	-	6,817	7,419	130,204	82,464	72,769	8,656	102	802
Wages and benefits	-	384,842	403,006	251,947	628,720	770,228	33,063	124,084	105,698
Other expenses	4,765,441	5,238,316	5,055,297	861,063	947,020	768,403	485,313	266,670	319,403
<b>Total expenses</b>	<b>4,765,441</b>	<b>5,688,861</b>	<b>5,522,377</b>	<b>4,100,746</b>	<b>5,993,527</b>	<b>9,566,429</b>	<b>1,324,262</b>	<b>1,181,687</b>	<b>1,347,774</b>
<b>Other items</b>	<b>(4,752,912)</b>	<b>(5,268,130)</b>	<b>(5,169,307)</b>	<b>(4,086,750)</b>	<b>380,690</b>	<b>3,171,828</b>	<b>(278,513)</b>	<b>(338,547)</b>	<b>(409,412)</b>
<b>Annual surplus (deficit)</b>	<b>\$ (4,752,912)</b>	<b>\$ (5,268,130)</b>	<b>\$ (5,169,307)</b>	<b>\$ (4,086,750)</b>	<b>\$ 380,690</b>	<b>\$ 3,171,828</b>	<b>\$ (278,513)</b>	<b>\$ 35,703</b>	<b>\$ 28,105</b>

# HEILTSUK INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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### 16. SEGMENTED INFORMATION, continued

	Capital Fund		Land Claims Fund		Trust Fund				
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
<b>Revenues</b>									
Other revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,875	\$ 72,875	\$ 62,316
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,875</b>	<b>62,316</b>
<b>Expenses</b>									
Amortization	-	2,276,414	1,924,289	-	-	-	-	-	-
<b>Total expenses</b>	<b>-</b>	<b>2,276,414</b>	<b>1,924,289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other items	-	(2,276,414)	(1,924,289)	-	-	-	-	72,875	62,316
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 2,069,808</b>	<b>\$ 8,329,091</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 72,875</b>	<b>\$ 72,875</b>	<b>\$ 62,316</b>

# HEILTSUK INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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### 16. SEGMENTED INFORMATION, continued

	2018 Budget	Enterprise Fund		2017 Actual	Consolidated totals		2017 Actual
		2018 Actual	2017 Actual		2018 Budget	2018 Actual	
<b>Revenues</b>							
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ 13,207,883	\$ 15,988,108	\$ 22,363,441	
Administration fee	-	-	-	500,000	-	11,000	
Great Bear Initiative	-	-	-	102,000	646,827	792,332	
First Nations Education Steering Committee	-	-	-	-	149,839	78,076	
Department of Fisheries and Oceans	-	-	-	662,750	1,123,013	846,358	
Coast Conservation Endowment	-	-	-	856,000	584,000	584,079	
Licenses	-	-	-	95,704	240,896	226,693	
Rental	-	-	-	515,910	811,667	899,467	
Other revenue	-	1,299,275	1,752,600	1,805,048	10,609,563	11,297,030	
<b>Total revenue</b>	<b>-</b>	<b>1,299,275</b>	<b>1,752,600</b>	<b>17,745,295</b>	<b>30,153,913</b>	<b>37,098,476</b>	
<b>Expenses</b>							
Amortization	-	-	-	-	2,669,815	2,376,837	
Contracted services	-	-	-	4,952,484	5,798,643	9,642,373	
Loan payments	-	-	-	1,045,402	570,609	684,808	
Professional fees	-	-	-	499,795	889,348	739,972	
Honoraria	-	-	-	328,879	381,701	357,126	
Travel	-	-	-	418,512	654,245	484,224	
Utilities	-	-	-	482,847	385,014	367,802	
Wages and benefits	-	-	-	4,118,730	6,534,632	8,158,672	
Other expenses	-	-	-	8,847,514	11,779,169	10,015,481	
<b>Total expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,694,163</b>	<b>29,663,180</b>	<b>32,827,294</b>	
<b>Other items</b>	<b>-</b>	<b>1,299,275</b>	<b>1,752,600</b>	<b>(2,948,868)</b>	<b>490,733</b>	<b>4,271,182</b>	
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 1,299,275</b>	<b>\$ 1,752,600</b>	<b>\$ (2,948,868)</b>	<b>\$ 5,213,789</b>	<b>\$ 14,984,463</b>	

# HEILTSUK INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 17. CONTINGENT LIABILITIES

#### a) Indigenous Services Canada

Under the terms of the contribution agreements with Indigenous Services Canada and other governmental departments, certain surpluses may be repayable to the government and certain deficits may be reimbursable to the Band.

#### b) Loan Guarantee

A Government of Canada Ministerial Guarantee has been obtained for loans to certain band members. If these loans default, the Minister may recover the outstanding amounts from the First Nation.

The First Nation has guaranteed loans totaling \$97,969.

### 18. RELATED PARTY TRANSACTIONS

During the 2017 year, the First Nation received funding from Heiltsuk Economic Development Corporation (controlled indirectly through Heiltsuk Holdings Limited Partnership) of \$2,000.000. This was conducted in the normal course of operations and measured at the exchange amount which is the value agreed upon by the parties.

During the 2017 year, the First Nation received funding from Heiltsuk Coastal Forest Products Limited Partnership (controlled indirectly through Heiltsuk Holdings Limited Partnership) of \$870,000. This was conducted in the normal course of operations and measured at the exchange amount which is the value agreed upon by the parties..

### 19. PRIOR PERIOD ADJUSTMENT

In the prior year, investments in certain non-controlled not-for-profit organizations which did not qualify as government business enterprises (GBEs) were recognized using the modified equity method of accounting. The prior period figures have been adjusted to reflect a lack of recognition of these organizations in compliance with Public Sector accounting standards section 2500.

	As previously stated in 2017	Adjustments Increase (Decrease)	Restated 2018
<b>Consolidated Statement of Financial Position</b>			
Financial assets			
Investment in Bella Bella School Society	\$ 6,021,493	\$ (6,021,493)	\$ -
Investment in Heiltsuk Hailika'as Health Centre	3,463,400	(3,463,400)	-
Accumulated surplus - opening	32,254,824	(8,252,207)	<b>24,002,617</b>
<b>Consolidated Statement of Operations</b>			
Current year surplus (deficit)	\$ 16,217,149	\$ (1,232,686)	<b>\$ 14,984,463</b>