

HEILTSUK INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2019

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HEILTSUK INDIAN BAND

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2019

The accompanying consolidated financial statements of Heiltsuk Indian Band and all the information in this annual report for the year ended March 31, 2019 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

Date March 17, 2020



Executive Director

Date Mar 17, 20

Independent Auditors' Report

To the Members of
Heiltsuk Indian Band

Opinion

We have audited the consolidated financial statements of Heiltsuk Indian Band (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the results of its consolidated operations, its changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.

- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

RICHMOND, B.C.
MARCH 17, 2020

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash	\$ 8,247,170	\$ 7,881,597
Restricted cash (Note 6)	802,524	652,930
Accounts receivable (Note 7)	2,148,311	2,801,000
Loans receivable (Note 8)	731,415	1,248,302
Investment in government businesses (Note 9)	8,037,615	5,529,178
Federal trust funds (Note 11)	3,183,341	3,106,587
	23,150,376	21,219,594
LIABILITIES		
Accounts payable (Note 12)	1,609,328	826,699
Damage deposits	44,728	50,888
Deferred revenue (Note 13)	1,946,603	30,000
Replacement Reserve (Note 14)	484,932	335,183
Loans payable (Note 15)	1,941,450	2,017,211
Land claims loans payable (Note 12)	3,964,296	3,964,296
CMHC Mortgages (Note 17)	2,174,515	2,419,575
	12,165,852	9,643,852
NET FINANCIAL ASSETS	10,984,524	11,575,742
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 18)	33,269,663	32,258,621
Prepaid expenses	21,400	31,323
	33,291,063	32,289,944
ACCUMULATED SURPLUS (Note 22)	\$ 44,275,587	\$ 43,865,686

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, 2019

	2019 Budget	2019 Actual	2018 Actual
EXCESS OF REVENUE OVER EXPENSES	\$ 3,698,788	\$ 409,901	\$ 5,164,314
Acquisition of tangible capital assets	-	(3,921,891)	(4,257,465)
Amortization of tangible capital assets	-	2,910,849	2,674,564
	-	(1,011,042)	(1,582,901)
Acquisition of prepaid asset	9,923	(21,400)	(31,323)
Use of prepaid asset	-	31,323	42,120
	9,923	9,923	10,797
INCREASE IN NET FINANCIAL ASSETS	3,708,711	(591,218)	3,592,210
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	-	11,575,742	7,983,532
NET FINANCIAL ASSETS AT END OF YEAR	\$ -	\$ 10,984,524	\$ 11,575,742

HEILTSUK INDIAN BAND

CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31, 2019

	2019 Budget	2019 Actual	2018 Actual
REVENUE			
Indigenous Services Canada	\$ 8,034,498	\$ 14,094,421	\$ 15,988,108
Share of income (loss) from government businesses	-	2,508,437	1,299,275
Province of BC	1,768,873	1,678,529	1,126,147
Other	5,180,681	2,937,583	3,540,027
Forestry	-	1,622,542	2,933,814
Department of Fisheries and Oceans	1,448,890	906,546	1,123,013
Rental	8,751	713,956	811,667
Great Bear Initiative	571,970	571,970	646,827
Licenses	170,000	301,879	240,896
Coast Conservation Endowment	730,000	237,000	584,000
Canada Mortgage and Housing Corporation	-	222,602	489,552
Trust fund	-	76,754	72,875
Department of Justice - Canada	69,208	69,208	68,318
Interest	85,000	27,223	21,167
First Nations Education Steering Committee	18,717	18,717	149,839
Insurance proceeds	-	-	481,290
Kirby Corp.	-	-	361,844
Allocation to deferred revenue	-	(1,916,601)	-
	18,086,588	24,070,766	29,938,659
EXPENSES			
Administration	5,904,797	10,839,728	11,474,847
Social Development	1,629,917	2,913,542	2,307,454
Economic Development	2,629,806	3,316,583	3,413,871
Education	394,232	564,232	564,325
Public Works	3,829,048	1,892,678	2,670,191
Heiltsuk Properties	-	883,205	1,215,129
Social Housing	-	465,100	852,117
Capital Fund	-	2,785,807	2,276,414
	14,387,800	23,660,875	24,774,348
EXCESS OF REVENUE OVER EXPENSES	3,698,788	409,901	5,164,314
EQUITY AT BEGINNING OF YEAR	-	43,865,686	38,701,372
EQUITY AT END OF YEAR	\$ 3,698,788	\$ 44,275,587	\$ 43,865,686

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
EXCESS OF REVENUE OVER EXPENSES	\$ 409,901	\$ 5,164,314
Items not affecting cash		
Amortization	2,910,849	2,674,564
Share of income (loss) of government businesses	(2,508,437)	(1,299,275)
	812,313	6,539,603
Change in non-cash operating working capital	3,945,568	(3,793,486)
	4,757,881	2,746,117
CAPITAL ACTIVITIES		
Tangible capital assets acquisitions	(3,921,893)	(4,257,107)
FINANCING ACTIVITIES		
Repayment of Social Housing long-term debt	(245,060)	(390,720)
Repayment of long-term debt	(75,761)	(115,136)
	(320,821)	(505,856)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	515,167	(2,016,846)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,534,527	10,551,373
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 9,049,694	\$ 8,534,527
CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:		
Cash	\$ 8,247,170	\$ 7,881,597
Restricted cash	802,524	652,930
	\$ 9,049,694	\$ 8,534,527

The accompanying notes are an integral part of the financial statements

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

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) Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

(b) 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.

(c) 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 or government business partnership are included in the Consolidated Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Heiltsuk Indian Band's investment in the government business enterprise or partnership and the enterprise's or partnership'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. Bella Bella Fuel Co. Limited (100% owned by Heiltsuk Indian Band)
2. Bella Bella Band Store Ltd. (100% owned by Heiltsuk Indian Band)
3. Bella Bella Fisheries Ltd. (100% owned by Heiltsuk Indian Band)
4. Heiltsuk College/Waglisla Adult Learning Centre
5. Heiltsuk Environmental Services Ltd.
6. Heiltsuk Kaxla Society
7. Heiltsuk Indian Band Section 95 Housing Operations (CMHC)

Organizations accounted for on a modified equity basis include:

8. Central Coast Commercial Fisheries Limited Partnership (25% limited partner)
9. Heiltsuk Holdings Limited Partnership (99% limited partner)
10. Heiltsuk Holdings Ltd. (100% owned by Heiltsuk Indian Band)

(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.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

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

(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) 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.

(g) 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.

(h) 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, 2019

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

(i) 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
Social housing	25 years Straight line
Vehicle	20 years Straight line

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.

(j) 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.

(k) Replacement Reserve

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

2. COMPARATIVE FIGURES

Comparative figures have been reclassified to conform with the presentation in the current year.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

3. ECONOMIC DEPENDENCE

The Heiltsuk Indian Band and controlled entities ("First Nation") 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.

5. FINANCIAL INSTRUMENTS

Fair Value

The Band's financial instruments consist primarily of cash and cash equivalents, accounts receivable, advances to commercial operations, accounts payable and accrued liabilities, loans payable, mortgages payable and land claims loans payable which have a fair value approximately equal to the carrying value, except for advances to commercial operations, mortgages payable and land claim loans payable where fair values are not determinable due to the uncertainty of the repayment terms.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Band is exposed to credit risk from its funding contributors and customers and significant risk from housing tenants, the Band does have credit risk in accounts receivable; however, the Band has a large number of diverse funding contributors, customers and housing tenants which mitigates the concentration of credit risk.

Interest rate risk

The Band is exposed to interest rate risk on its loans payable only. CMHC mortgages and land claims loan payable are not subject to fluctuating interest rates and the rate is locked in at the beginning of the loan.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

6. 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.

	2019	2018
Replacement Reserve Fund - restricted cash	\$ 484,932	\$ 391,817
Operating Reserve Fund - restricted cash	317,592	261,113
	\$ 802,524	\$ 652,930

7. ACCOUNTS RECEIVABLE

	2019	2018
Accounts receivable - general	\$ 809,193	\$ 882,200
Indigenous Services Canada	891,094	1,350,830
Canada Mortgage and Housing Corporation	142,363	20,412
Department of Fisheries and Oceans	135,192	289,300
First Nations Education Steering Committee	-	3,859
Rent receivable	4,977,793	4,913,146
	6,955,635	7,459,747
Allowance for doubtful accounts	(4,807,324)	(4,658,747)
	\$ 2,148,311	\$ 2,801,000

8. LOANS RECEIVABLE

	2019	2018
Due from other entities	\$ 8,008	\$ 73,264
Due from Heiltsuk Health Centre	42,267	-
Due from Heiltsuk Fisheries LP	480,055	1,004,320
Due from Bella Bella Airport LP	6,492	7,153
Due from Heiltsuk Forestry Management LP	(30,028)	-
Due from Heiltsuk Economic Development Corp.	77,635	80,533
Due from Lama Pass Fuel Co. LP	85,451	85,451
Due to Band Store	61,535	(2,419)
	\$ 731,415	\$ 1,248,302

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

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

9. INVESTMENT IN GOVERNMENT BUSINESSES

	2019	2018
Investment in Heiltsuk Holdings Limited Partnership	\$ 6,878,447	\$ 4,709,700
Investment in Heiltsuk Holdings Ltd.	622	405
Investment in Central Coast Commercial Fisheries Limited Partnership	1,158,546	819,073
	\$ 8,037,615	\$ 5,529,178

10. GOVERNMENT BUSINESSES SUMMARIZED OPERATIONS

Commercial enterprises are those organizations that meet the definition of government business enterprises or government business partnership as described by the Public Sector Accounting Board of CPA Canada. Government business enterprises and government business partnerships 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 Limited Partnership
- ◆ Heiltsuk Holdings Ltd.

Details from Central Coast Commercial Fisheries Limited Partnership were not available to include below.

	2019 Total	2018 Total
Investments in subsidiaries	\$ 6,879,069	\$ 4,710,105
Equity	\$ 6,879,069	\$ 4,710,105
Total equity	\$ 6,879,069	\$ 4,710,105
	2019 Total	2018 Total
Share of net income from subsidiaries	\$ 2,168,964	\$ 876,974
Net income	\$ 2,168,964	\$ 876,974

11. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	2019	2018
Capital funds held in trust	\$ 5,318	\$ 5,318
Revenue funds held in trust	3,178,023	3,101,269
	\$ 3,183,341	\$ 3,106,587

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.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

12. ACCOUNTS PAYABLE

	2019	2018
Accounts payable - general	\$ 1,316,536	\$ 497,618
Indigenous Services Canada	-	99,599
Receiver General - payroll deductions	-	2,681
Wages payable	63,511	116,001
Bella Bella School Society	229,281	110,800
	\$ 1,609,328	\$ 826,699

13. DEFERRED REVENUE

Deferred revenue represents government transfers received which are subject to stipulation and unspent at year end.

	March 31, 2018	Funding received, 2019	Revenue recognized, 2019	March 31, 2019
Indigenous Services Canada				
Capital - NTMA (2019)	\$ -	\$ 244,638	\$ -	\$ 244,638
Capital- NTMA (CPMS 4553)	-	946,961	-	946,961
Capital- FLEX Funding	-	632,388	-	632,388
Capital- NTKC (2019)	-	51,001	-	51,001
Capital- NTLE (2019)	-	59,771	-	59,771
	-	1,934,759	-	1,934,759
Other				
UBC	30,000	-	(30,000)	-
Tiny Homes Funding	-	11,844	-	11,844
	30,000	11,844	(30,000)	11,844
	\$ 30,000	\$ 1,946,603	\$ (30,000)	\$ 1,946,603

14. REPLACEMENT RESERVE

The Replacement Reserve is established in accordance with the Operating Agreements with CMHC for on-reserve housing. Funds are required to be set aside annually and held for future replacements of capital items related to the homes.

	2019	2018
Balance, beginning of year	\$ 335,183	\$ 285,707
CMHC Contribution	84,910	-
Contributions, required during the year	56,600	71,480
Interest	8,239	4,796
Withdrawals	-	(26,800)
	\$ 484,932	\$ 335,183

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

15. LOANS PAYABLE

	2019	2018
BMO Financial Group with scheduled loan payments of \$1,293 per month, including interest at prime plus 1.25% per annum, due on demand.	\$ 205,247	\$ 209,150
BMO Financial Group with scheduled loan payments of \$1,293 per month, including interest at prime plus 1.25% per annum, due on demand.	205,253	209,174
BMO Financial Group with scheduled loan payments of \$4,533 per month, including interest at prime plus 1.25% per annum, due on demand.	410,596	418,449
BMO Financial Group with scheduled loan payments of \$2,085 per month, including interest at prime plus 1.25% per annum, due on demand.	136,591	152,371
BMO Financial Group with scheduled loan payments of \$4,605 per month, including interest at prime plus 1.25% per annum, due on demand.	782,996	793,722
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.	200,767	234,345
	1,941,450	2,017,211
Callable portion	\$ 1,941,450	\$ 2,017,211

16. 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 ISC 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.

The federal government announced in its fiscal 2019 budget provisions for the forgiveness of first nation treaty loans with fund commitments for this purpose. As of the financial statement date, Heiltsuk Indian Band has not received notice of the forgiveness of the loan. No provision for forgiveness is recognized in these financial statements.

17. CMHC MORTGAGES

	Phase number	Maturity date	Interest rate	Monthly payment	2019	2018
260701	1	6/1/2021	4.95%	\$ 1,682	\$ 44,343	\$ 61,792
19362276	2	10/1/2033	1.83%	10,809	1,659,803	1,758,271
10437267	13	2/1/2020	1.29%	6,139	67,090	139,385
10437267	16	3/1/2024	1.86%	2,343	133,994	159,289
19362276	1	3/1/2027	1.43%	2,969	269,285	300,838
					\$ 2,174,515	\$ 2,419,575

Expected principal repayments over the next five years are: 2020 - \$278,408, 2021 - \$166,825, 2022 - \$169,781, 2023 - \$172,791, 2024 and thereafter - \$1,386,710.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

18. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization					
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2019 net book value
Boats	\$ 459,767	\$ 2,240	\$ -	\$ 462,007	\$ 357,162	\$ 42,469	\$ -	\$ 399,631	\$ 62,376
Buildings	38,068,366	3,498,123	-	41,566,489	19,819,595	1,913,205	-	21,732,800	19,833,689
Equipment	476,191	-	(29,203)	446,988	473,222	2,960	(29,203)	446,979	9
Infrastructure	16,241,456	289,522	-	16,530,978	11,488,305	536,937	-	12,025,242	4,505,736
Land	1,855,054	-	-	1,855,054	-	-	-	-	1,855,054
College	233,849	-	-	233,849	228,326	3,221	-	231,547	2,302
Kaxla Society	84,742	77,757	-	162,499	29,589	18,734	-	48,323	114,176
Licenses	50,610	-	-	50,610	-	-	-	-	50,610
Furniture & Equipment	-	21,260	-	21,260	-	-	-	-	21,260
Social housing	5,611,359	-	-	5,611,359	444,064	227,611	-	671,675	4,939,684
Vehicle	629,653	32,989	-	662,642	629,653	4,399	-	634,052	28,590
Water treatment plant	6,588,569	-	-	6,588,569	4,571,079	161,313	-	4,732,392	1,856,177
Waste water treatment plant	9,267,364	-	-	9,267,364	9,267,364	-	-	9,267,364	-
	\$ 79,566,980	\$ 3,921,891	\$ (29,203)	\$ 83,459,668	\$ 47,308,359	\$ 2,910,849	\$ (29,203)	\$ 50,190,005	\$ 33,269,663

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2018 Net book value
Boats	\$ 459,767	\$ -	\$ -	\$ 459,767	\$ 314,917	\$ 42,245	\$ -	\$ 357,162	\$ 102,605
Buildings	30,589,178	7,479,188	-	38,068,366	17,698,851	2,120,744	-	19,819,595	18,248,771
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	1,655,049	200,005	-	1,855,054	-	-	-	-	1,855,054
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	688,843	-	(59,190)	629,653	683,663	5,180	(59,190)	629,653	-
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	-
	\$ 75,988,242	\$ 8,082,627	\$ (4,503,889)	\$ 79,566,980	\$ 45,312,520	\$ 3,042,268	\$ (1,046,429)	\$ 47,308,359	\$ 32,258,621

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

19. 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 Nation's 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, 2019

19. SEGMENTED INFORMATION, continued

	2019 Budget	Administration 2019 Actual	2018 Actual	2019 Budget	Social Development 2019 Actual	2018 Actual	2019 Budget	Economic Development 2019 Actual	2018 Actual
Revenues									
Indigenous Services Canada	\$ 3,222,155	\$ 8,450,373	\$ 9,282,144	\$ 1,450,000	\$ 1,386,046	\$ 916,731	\$ -	\$ 850,000	\$ 826,264
Administration fee	-	-	-	-	-	-	13,494	-	-
Great Bear Initiative	571,970	571,970	646,827	-	-	-	-	-	-
First Nations Education Steering Committee	-	-	-	18,717	18,717	149,839	-	-	-
Department of Fisheries and Oceans	1,061,890	461,234	660,664	-	-	-	387,000	445,312	462,349
Coast Conservation Endowment	-	-	-	-	-	-	730,000	237,000	584,000
Licenses	170,000	19,456	20,631	-	-	-	-	282,423	220,265
Rental	8,751	9,051	144,325	-	28,975	2,925	-	-	-
Other revenue	4,610,031	1,655,758	1,977,297	138,000	1,477,814	1,348,867	1,526,300	1,487,557	1,294,015
Total revenue	9,644,797	11,167,842	12,731,888	1,606,717	2,911,552	2,418,362	2,656,794	3,302,292	3,386,893
Expenses									
Amortization	1,500,000	2,969	4,152	-	17,635	10,580	-	-	-
Contracted services	405,611	320,255	522,989	109,500	237,285	197,047	1,504,646	671,499	643,573
Loan payments	15,000	(72,882)	(108,370)	25,000	71,000	6,598	-	1,058	4,961
Professional fees	410,000	929,242	1,106,243	15,000	27,809	35,992	24,000	-	759
Honoraria	38,500	38,158	291,918	18,000	51,577	31,380	57,900	142,414	40,125
Travel	202,017	290,338	298,213	23,000	186,796	87,462	55,000	418,933	140,188
Utilities	109,534	129,350	102,928	25,096	69,072	57,178	21,600	31,618	28,214
Wages and benefits	2,043,932	2,657,583	1,784,787	652,500	1,199,739	929,931	780,000	1,341,357	1,990,327
Other expenses	1,200,203	6,544,715	7,471,984	761,821	1,052,619	951,286	186,660	709,704	565,724
Total expenses	5,924,797	10,839,728	11,474,844	1,629,917	2,913,532	2,307,454	2,629,806	3,316,583	3,413,871
Other items	3,720,000	328,114	1,257,044	(23,200)	(1,980)	110,908	26,988	(14,291)	(26,978)
	-	-	(2,377)	-	-	-	-	-	4,961
Annual surplus (deficit)	\$ 3,720,000	\$ 328,114	\$ 1,254,667	\$(23,200)	\$(1,980)	\$ 110,908	\$ 26,988	\$(14,291)	\$(22,017)

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

19. SEGMENTED INFORMATION, continued

	2019 Budget	Education 2019 Actual	2018 Actual	2019 Budget	Public Works 2019 Actual	2018 Actual	2019 Budget	Heiltsuk Properties 2019 Actual	2018 Actual
Revenues									
Indigenous Services Canada	\$ 394,232	\$ 394,236	\$ 394,236	\$ 2,837,275	\$ 2,556,689	\$ 4,138,946	-	\$ 457,077	\$ 429,787
Rental	-	-	-	-	8,805	9,608	-	419,217	260,420
Other revenue	-	104,030	85,680	946,773	(313,586)	3,826,275	-	6,911	250,473
Total revenue	394,232	498,266	479,916	3,784,048	2,251,908	7,974,829	-	883,205	940,680
Expenses									
Amortization	-	3,221	4,418	-	-	-	-	-	-
Contracted services	3,300	50,781	27,956	1,467,500	(1,109,044)	94,564	-	39,234	63,584
Loan payments	-	-	-	-	-	-	-	129,706	161,564
Professional fees	6,600	6,600	5,100	54,000	44,587	265,135	-	25,229	17,146
Honoraria	9,000	2,100	4,440	30,000	35,910	13,838	-	-	-
Travel	2,500	13,888	16,972	24,973	59,984	97,781	-	2,442	13,629
Utilities	6,400	7,844	6,817	197,500	189,778	168,849	-	11,168	20,926
Wages and benefits	308,650	368,193	384,842	1,155,732	1,286,091	818,156	-	398,635	502,505
Other expenses	57,782	111,605	113,780	879,343	1,385,372	1,211,868	-	276,791	435,775
Total expenses	394,232	564,232	564,325	3,809,048	1,892,678	2,670,191	-	883,205	1,215,129
Other items	-	(65,966)	(84,409)	(25,000)	359,230	5,304,638	-	-	(274,449)
Annual surplus (deficit)	\$ -	\$ (65,966)	\$ (84,409)	\$ (25,000)	\$ 359,230	\$ 5,304,638	-	\$ -	\$ (274,449)

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

19. SEGMENTED INFORMATION, continued

	2019 Budget	Social Housing 2019 Actual	2018 Actual	2019 Budget	Capital Fund 2019 Actual	2018 Actual	2019 Budget	Land Claims Fund 2019 Actual	2018 Actual
Revenues									
Rental	\$ -	\$ 247,908	\$ 394,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenue	-	222,602	239,552	-	-	-	-	-	-
Total revenue	-	470,510	633,941	-	-	-	-	-	-
Expenses									
Amortization	-	227,610	374,251	-	2,785,807	2,276,414	-	-	-
Contracted services	-	6,043	14,741	-	-	-	-	-	-
Loan payments	-	39,523	-	-	-	-	-	-	-
Professional fees	-	10,000	10,600	-	-	-	-	-	-
Wages and benefits	-	31,769	124,084	-	-	-	-	-	-
Other expenses	-	150,155	328,441	-	-	-	-	-	-
Total expenses	-	465,100	852,117	-	2,785,807	2,276,414	-	-	-
Annual surplus (deficit)	\$ -	\$ 5,410	\$ (218,176)	\$ -	\$ (2,785,807)	\$ (2,278,998)	\$ -	\$ -	\$ -

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

19. SEGMENTED INFORMATION, continued

	2019 Budget	Trust Fund 2019 Actual	2018 Actual	2019 Budget	Enterprise Fund 2019 Actual	2018 Actual	2019 Budget	Consolidated totals 2019 Actual	2018 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,903,662	\$ 14,094,421	\$ 15,988,108
Administration fee	-	-	-	-	-	-	13,494	-	-
Great Bear Initiative	-	-	-	-	-	-	571,970	571,970	646,827
First Nations Education Steering Committee	-	-	-	-	-	-	18,717	18,717	149,839
Department of Fisheries and Oceans	-	-	-	-	-	-	1,448,890	906,546	1,123,013
Coast Conservation Endowment	-	-	-	-	-	-	730,000	237,000	584,000
Licenses	-	-	-	-	-	-	170,000	301,879	240,896
Rental	-	-	-	-	-	-	8,751	713,956	811,667
Other revenue	-	76,754	72,875	-	2,508,437	1,299,275	7,221,104	7,226,277	10,394,309
Total revenue	-	76,754	72,875	-	2,508,437	1,299,275	18,086,588	24,070,766	29,938,659
Expenses									
Amortization	-	-	-	-	-	-	1,500,000	3,037,242	2,669,815
Contracted services	-	-	-	-	-	-	3,490,557	216,053	1,564,454
Loan payments	-	-	-	-	-	-	40,000	168,405	64,753
Professional fees	-	-	-	-	-	-	509,600	1,043,467	1,440,975
Honoraria	-	-	-	-	-	-	153,400	270,159	381,701
Travel	-	-	-	-	-	-	307,490	972,381	654,245
Utilities	-	-	-	-	-	-	360,130	438,830	384,912
Wages and benefits	-	-	-	-	-	-	4,940,814	7,283,367	6,534,632
Other expenses	-	-	-	-	-	-	3,085,809	10,230,961	11,078,858
Total expenses	-	-	-	-	-	-	14,387,800	23,660,865	24,774,345
Annual surplus (deficit)	\$ -	\$ 76,754	\$ 72,875	\$ -	\$ 2,508,437	\$ 1,299,275	\$ 3,698,788	\$ 409,901	\$ 5,164,314

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

20. 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 \$72,591.

21. RELATED PARTY TRANSACTIONS

During the year Heiltsuk Indian Band made the following transfers of ISC funding to related parties, related by virtue of common control:

- 1) Heiltsuk Fisheries Management Limited Partnership \$0 (\$111,000 in 2018).
- 2) Bella Bella School Society \$5,125,662 (\$5,124,536 in 2018)
- 3) Heiltsuk Economic Development Corporation \$148,504 (\$307,130 in 2018)
- 4) Waglisla Band Store Limited Partnership \$10,000 (\$10,000 in 2018)

All transactions have been measured at the exchange amount.

22. PRIOR PERIOD ADJUSTMENT

In the prior year, the accumulated Replacement Reserve was recognized as part of Accumulated Surplus with the changes in the year recognized through Operations. The prior year has been restated to reflect the Replacement Reserve as a constructive liability as per PS 3100.

	As previously stated in 2018	Adjustments Increase (Decrease)	Restated 2019
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Consolidated Statement of Financial Position			
Liabilities			
Replacement Reserve	\$ -	\$ 335,183	\$ 335,183
Accumulated surplus - opening	38,987,080	(285,708)	38,701,372
Accumulated surplus - closing	44,200,869	(335,183)	43,865,686
Consolidated Statement of Operations			
Current year surplus (deficit)	\$ 5,213,789	\$ (49,475)	\$ 5,164,314

23. SUBSEQUENT EVENT

Subsequent to the year end, the Band received a \$75 million settlement from Canada as a result of the settlement of the Gernyn SOK litigation.