

HEILTSUK INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020

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HEILTSUK INDIAN BAND

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2020

The accompanying consolidated financial statements of Heiltsuk Indian Band and all the information in this annual report for the year ended March 31, 2020 are the responsibility of management and have been approved by the Chief and Council.


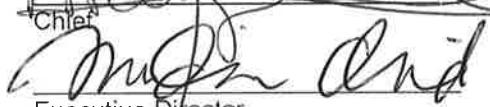
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen 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	<u>March 8, 2021</u> Date
 Executive Director	<u>Mar 8/21</u> Date

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, 2020, 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, 2020, 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 8, 2021

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31	2020	2019 (Note 22)
FINANCIAL ASSETS		
Cash	\$ 3,099,798	\$ 8,023,741
Restricted cash (Note 5)	387,964	802,524
Accounts receivable (Note 6)	2,327,153	2,260,184
Loans receivable (Note 7)	606,621	738,866
Investment in government businesses (Note 8)	9,791,333	8,037,615
Federal trust funds (Note 10)	3,240,108	3,183,341
	19,452,977	23,046,271
LIABILITIES		
Accounts payable (Note 11)	3,089,402	1,543,839
Damage deposits	44,292	44,737
Deferred revenue (Note 12)	2,567,136	1,946,603
Replacement Reserve (Note 13)	431,464	400,024
Loans payable (Note 14)	2,888,593	1,941,450
Land claims loans payable (Note 15)	-	3,964,296
CMHC Mortgages (Note 16)	1,931,025	2,174,515
	10,951,912	12,015,464
NET FINANCIAL ASSETS	8,501,065	11,030,807
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 17)	39,657,963	33,131,916
Prepaid expenses	15,495	21,400
	39,673,458	33,153,316
ACCUMULATED SURPLUS (Note 22)	\$ 48,174,523	\$ 44,184,123

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	2020 Budget	2020 Actual	2019 Actual (Note 22)
ANNUAL SURPLUS	\$ 3,525,178	\$ 3,990,400	\$ 512,818
Acquisition of tangible capital assets	-	(9,588,744)	(3,822,874)
Amortization of tangible capital assets	-	3,062,697	2,888,903
	-	(6,526,047)	(933,971)
Acquisition of prepaid asset	5,905	(15,495)	(22,410)
Use of prepaid asset	-	21,400	31,323
	5,905	5,905	8,913
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	3,531,083	(2,529,742)	(412,240)
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	-	11,030,807	11,443,047
NET FINANCIAL ASSETS AT END OF YEAR	\$ -	\$ 8,501,065	\$ 11,030,807

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31

	2020 Budget	2020 Actual	2019 Actual (Note 22)
REVENUE			
Indigenous Services Canada	\$ 7,898,372	\$ 14,202,999	\$ 14,094,421
Canada - Treaty Loan Forgiveness (Note 15)	-	3,964,296	-
Other	6,104,329	2,928,902	3,135,119
Department of Fisheries and Oceans	1,051,234	2,854,259	906,546
Share of income (loss) from controlled entities (Note 9)	-	1,873,491	2,508,437
BC FN Gaming Revenue Share LP	-	1,088,557	-
Province of BC	2,268,873	875,326	1,678,529
Rental	45,751	672,566	713,956
Great Bear Initiative	571,970	572,583	571,970
Coast Conservation Endowment	1,052,214	490,000	237,000
Interest	85,000	197,089	27,223
Canada Mortgage and Housing Corporation	-	175,719	307,510
Licenses	218,873	150,007	301,879
Department of Justice - Canada	69,208	62,916	69,208
Trust fund	-	56,767	76,754
First Nations Education Steering Committee	18,717	-	18,717
Deferred revenue - current	-	(620,535)	(1,916,601)
	19,384,541	29,544,942	22,730,668
EXPENSES			
Administration	7,289,201	12,896,598	11,233,961
Social Development	1,679,917	1,804,563	1,640,508
Economic Development	2,869,133	3,754,436	3,316,583
Hailcistut Reconciliation	-	389,392	-
Public Works	4,021,112	2,680,202	1,892,678
Heiltsuk Properties	-	788,354	884,866
Social Housing	-	407,085	463,447
Capital Fund	-	2,833,912	2,785,807
	15,859,363	25,554,542	22,217,850
ANNUAL SURPLUS BEFORE OTHER	3,525,178	3,990,400	512,818
Canada - Garmyn Settlement Proceeds (Note 21)	-	75,000,000	-
Allocation of settlement to membership	-	(75,000,000)	-
	-	-	-
ANNUAL SURPLUS	3,525,178	3,990,400	512,818
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	-	44,184,123	43,671,305
ACCUMULATED SURPLUS AT END OF YEAR	\$ 3,525,178	\$ 48,174,523	\$ 44,184,123

The accompanying notes are an integral part of the financial statements

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2020	2020	2019 (Note 22)
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 3,990,400	\$ 512,818
Items not affecting cash		
Amortization	3,062,697	2,888,903
Share of income (loss) of government businesses	(1,873,491)	(2,508,437)
Treaty loan forgiveness	(3,964,296)	-
	1,215,310	893,284
Change in non-cash operating working capital	2,211,505	3,708,936
	3,426,815	4,602,220
CAPITAL ACTIVITIES		
Tangible capital assets acquisitions	(9,588,744)	(3,822,874)
FINANCING ACTIVITIES		
Repayment of Social Housing long-term debt	(243,490)	(245,060)
Repayment of long-term debt	(88,971)	(75,761)
Proceeds from long-term debt	1,036,114	-
	703,653	(320,821)
INVESTING ACTIVITIES		
Distribution from Central Coast Commercial Fisheries LP	119,773	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,338,503)	458,525
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,826,265	8,367,740
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,487,762	\$ 8,826,265
CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:		
Cash	\$ 3,099,798	\$ 8,023,741
Restricted cash	387,964	802,524
	\$ 3,487,762	\$ 8,826,265

The accompanying notes are an integral part of the financial statements

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

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 CPA Canada.

(a) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible assets, prepaid expenses and inventory of supplies.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

(c) 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.

(d) 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 Environmental Services Ltd.
5. Heiltsuk Indian Band Section 95 Housing Operations (CMHC)

Organizations accounted for on a modified equity basis include:

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

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

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

(e) 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.

(f) 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.

(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) Liability for contaminated sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) The First Nation is directly responsible or accepts responsibility;
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at March 31, 2019 and 2020, no liability for contaminated sites has been recorded.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

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, 2020

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. 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.

	2020	2019
Replacement Reserve Fund - restricted cash	\$ 252,319	\$ 484,932
Operating Reserve Fund - restricted cash	135,645	317,592
	\$ 387,964	\$ 802,524

6. ACCOUNTS RECEIVABLE

	2020	2019
Accounts receivable - general	\$ 1,342,963	\$ 921,766
Indigenous Services Canada	702,379	891,094
Canada Mortgage and Housing Corporation	27,289	142,363
Department of Fisheries and Oceans	712,675	135,192
Rent receivable	4,360,973	4,977,093
	7,146,279	7,067,508
Allowance for doubtful accounts	(4,819,126)	(4,807,324)
	\$ 2,327,153	\$ 2,260,184

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

7. LOANS RECEIVABLE

	2020	2019
Due from other entities	\$ 7,460	\$ 15,459
Due from Heiltsuk Health Centre	29,610	42,267
Due from Heiltsuk Fisheries LP	300,000	480,055
Due from Bella Bella Airport LP	6,492	6,492
Due from Heiltsuk Forestry Management LP	(10,616)	(30,028)
Due from Heiltsuk Economic Development Corp.	70,533	77,635
Due from Lama Pass Fuel Co. LP	84,451	85,451
Due to Waglisla Band Store LP	118,691	61,535
	\$ 606,621	\$ 738,866

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

8. INVESTMENT IN GOVERNMENT BUSINESSES

	2020	2019
Investment in Heiltsuk Holdings Limited Partnership	\$ 8,583,231	\$ 6,878,447
Investment in Heiltsuk Holdings Ltd.	831	622
Investment in Central Coast Commercial Fisheries Limited Partnership	1,207,271	1,158,546
	\$ 9,791,333	\$ 8,037,615

9. 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.

	2020 Total	2019 Total
Investments in subsidiaries	\$ 8,584,062	\$ 6,879,069
Equity	\$ 8,584,062	\$ 6,879,069
Total equity	\$ 8,584,062	\$ 6,879,069

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

9. GOVERNMENT BUSINESSES SUMMARIZED OPERATIONS, continued

	2020 Total	2019 Total
Share of net income from subsidiaries	\$ 1,704,993	\$ 2,168,964
Net income*	\$ 1,704,993	\$ 2,168,964

In addition to the above, Heiltsuk is a 20% partner of the Central Coast Commercial Fisheries Limited Partnership. Income included from this enterprise in 2020 was \$48,725 (\$339,473 in 2019). Combined with the below, the total income from government businesses was \$1,753,718 (\$2,508,437 in 2019).

10. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	2020	2019
Capital funds held in trust	\$ 5,318	\$ 5,318
Revenue funds held in trust	3,234,790	3,178,023
	\$ 3,240,108	\$ 3,183,341

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.

11. ACCOUNTS PAYABLE

	2020	2019
Accounts payable - general	\$ 2,164,641	\$ 1,218,347
Wages payable	389,679	96,211
Bella Bella School Society	396,576	229,281
Heiltsuk Fisheries Management LP	138,506	-
	\$ 3,089,402	\$ 1,543,839

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

12. DEFERRED REVENUE

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

	March 31, 2019	Funding received, 2020	Revenue recognized, 2020	March 31, 2020
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)	-
Comprehensive Community Planning	-	19,327	-	19,327
Canada - Heiltsuk Radio	-	69,172	(20,971)	48,201
	1,934,759	88,499	(1,955,730)	67,528
Provincial Government				
BC FN Gaming Revenue Share LP	-	1,088,557	-	1,088,557
Other				
Tiny Homes Funding	11,844	-	(11,844)	-
Department of Fisheries and Oceans	-	1,850,000	(438,949)	1,411,051
	11,844	1,850,000	(450,793)	1,411,051
	\$ 1,946,603	\$ 3,027,056	\$ (2,406,523)	\$ 2,567,136

13. 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.

	2020	2019
Balance, beginning of year	\$ 400,024	\$ 335,185
Contributions, required during the year	53,417	56,600
Interest	8,222	8,239
Matured unit equity adjustment	(30,199)	-
	\$ 431,464	\$ 400,024

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

14. LOANS PAYABLE

	2020	2019
BMO Financial Group with scheduled loan payments of \$1,293 per month, including interest at prime plus 1.25% per annum, due on demand.	\$ 1,568,975	\$ 1,604,092
BMO Financial Group with scheduled loan payments of \$2,085 per month, including interest at prime plus 1.25% per annum, due on demand.	118,069	136,591
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.	165,434	200,767
Canadian Imperial Bank of Commerce (CIBC) demand loan repayable in monthly installments of \$11,945 including interest at prime plus 0.75% per annum, beginning October 31, 2019.	637,589	-
	2,490,067	1,941,450
Callable portion	2,490,067	1,941,450
Capital lease with Ford Credit with a monthly payment of \$687 including interest rate 3.49% per annum, due December 11, 2024	36,030	-
Capital lease with Ford Credit with a monthly payment of \$711 including interest rate 0% per annum, due December 2, 2024	40,510	-
Capital lease with Ford Credit with a monthly payment of \$843 including interest rate 2.99% per annum, due September 26, 2024	42,560	-
Capital lease with CAT Financial with a monthly payment of \$2,733 including interest rate 0% per annum, due November 15, 2023	119,875	-
Capital lease with Valiant Financial Services with a monthly payment of \$2,498 including interest rate 13.78% per annum, due October 1, 2022	72,525	-
Capital lease with Forward Industries with a monthly payment of \$1,830 including interest rate 12% per annum, due August 4, 2020	53,341	-
Capital lease with Applewood with a monthly payment of \$650 including interest rate 3.99% per annum, due December 1, 2024	33,685	-
Total loans payable	\$ 2,888,593	\$ 1,941,450

Expected principal repayments over the next five years are: 2021 - \$84,417, 2022 - \$82,333, 2023 - \$74,324, 2024 - \$50,817 and thereafter - \$72,949.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

15. 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. During the year \$3,964,296 of the loan was forgiven.

16. CMHC MORTGAGES

	Phase number	Maturity date	Interest rate	Monthly payment	2020	2019
260701	1	6/1/2021	4.95	\$ 1,682	\$ 25,961	\$ 44,343
19362276	2	10/1/2033	1.83	10,809	1,559,591	1,659,803
10437267	13	2/1/2020	1.29	6,139	-	67,090
10437267	16	3/1/2024	1.86	2,343	108,186	133,994
19362276	1	3/1/2027	1.43	2,969	237,287	269,285
					\$ 1,931,025	\$ 2,174,515

Expected principal repayments over the next five years are: 2021 - \$161,278, 2022 - \$164,128, 2023 - \$167,030, 2024 - \$169,353 and thereafter - \$1,269,236.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

17. 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	2020 net book value
Boats	\$ 462,007	\$ -	\$ -	\$ 462,007	\$ 399,631	\$ 20,081	\$ -	\$ 419,712	\$ 42,295
Buildings	41,566,489	8,072,750	1,320,254	50,959,493	21,732,800	2,072,291	214,133	24,019,224	26,940,269
Equipment	446,979	264,802	-	711,781	446,979	22,807	-	469,786	241,995
Infrastructure	16,530,978	140,121	-	16,671,099	12,025,242	536,937	-	12,562,179	4,108,920
Land	1,855,054	-	-	1,855,054	-	-	-	-	1,855,054
Licenses	50,610	-	-	50,610	-	-	-	-	50,610
Social housing	5,611,359	-	(1,320,254)	4,291,105	671,675	158,017	(214,133)	615,559	3,675,546
Vehicle	662,642	1,111,071	(222,355)	1,551,358	634,052	93,645	(222,355)	505,342	1,046,016
Water treatment plant	6,588,569	-	-	6,588,569	4,732,392	158,919	-	4,891,311	1,697,258
Waste water treatment plant	9,267,364	-	-	9,267,364	9,267,364	-	-	9,267,364	-
	\$ 83,042,051	\$ 9,588,744	\$ (222,355)	\$ 92,408,440	\$ 49,910,135	\$ 3,062,697	\$ (222,355)	\$ 52,750,477	\$ 39,657,963

	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	-	(29,212)	446,979	473,222	2,969	(29,212)	446,979	-
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
Licenses	50,610	-	-	50,610	-	-	-	-	50,610
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	-
	\$ 79,248,389	\$ 3,822,874	\$ (29,212)	\$ 83,042,051	\$ 47,050,444	\$ 2,888,903	\$ (29,212)	\$ 49,910,135	\$ 33,131,916

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

18. SEGMENTED INFORMATION

	Administration			Social Development			Economic Development		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
Indigenous Services Canada	\$ 3,566,033	\$ 9,058,603	\$ 8,844,609	\$ 1,469,000	\$ 1,620,099	\$ 1,386,046	\$ -	\$ 850,000	\$ 850,000
Administration fee	-	10	-	-	-	-	12,000	34,336	-
Great Bear Initiative	571,970	572,583	571,970	-	-	-	-	-	-
First Nations Education Steering Committee	-	-	-	18,717	-	18,717	-	-	-
Department of Fisheries and Oceans	1,051,234	516,068	461,234	-	-	-	-	488,191	445,312
Coast Conservation Endowment	-	-	-	-	-	-	1,052,214	490,000	237,000
Licenses	218,873	2,670	19,456	-	-	-	-	147,337	282,423
Rental	8,751	-	9,051	27,000	1,680	28,975	-	-	-
Other revenue	5,460,718	1,796,417	1,655,758	154,000	344,332	156,838	1,828,919	986,662	1,487,557
Total revenue	10,877,579	11,946,351	11,562,078	1,668,717	1,966,111	1,590,576	2,893,133	2,996,526	3,302,292
Expenses									
Amortization	2,200,000	1,661	2,969	-	-	-	-	1,718	-
Contracted services	360,165	794,103	320,255	137,383	101,352	84,362	396,572	626,972	671,499
Loan payments	17,259	15,665	(72,882)	-	-	45,000	-	-	1,058
Professional fees	339,403	790,476	929,242	10,941	29,653	10,445	61,000	26,178	-
Honoraria	79,411	8,253	38,158	8,000	16,597	12,600	227,400	163,069	142,414
Travel	214,278	463,049	290,338	20,032	87,120	18,301	155,576	477,269	418,933
Utilities	136,992	173,849	129,350	26,030	35,149	25,256	22,800	33,868	31,618
Wages and benefits	2,817,990	3,400,185	2,657,583	656,910	678,782	623,862	1,383,008	1,707,558	1,341,357
Other expenses	1,143,703	7,249,357	6,938,948	820,621	855,910	820,682	622,777	717,804	709,704
Total expenses	7,309,201	12,896,598	11,233,961	1,679,917	1,804,563	1,640,508	2,869,133	3,754,436	3,316,583
Annual surplus (deficit)	\$ 3,568,378	\$ (950,247)	\$ 328,117	\$ (11,200)	\$ 161,548	\$ (49,932)	\$ 24,000	\$ (757,910)	\$ (14,291)

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

18. SEGMENTED INFORMATION, continued

	Hailcistut Reconciliation			Public Works			Heiltsuk Properties		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ 2,863,339	\$ 2,254,145	\$ 2,556,689	\$ -	\$ 420,152	\$ 457,077
Department of Fisheries and Oceans	-	438,949	-	-	-	-	-	-	-
Rental	-	-	-	10,000	7,330	8,805	-	423,860	419,217
Other revenue	-	1,819	-	1,071,773	2,749,531	(313,586)	-	30,199	91,819
Total revenue	-	440,768	-	3,945,112	5,011,006	2,251,908	-	874,211	968,113
Expenses									
Amortization	-	301	-	-	-	-	-	-	-
Loan payments	-	-	-	195,000	-	-	-	98,366	129,706
Professional fees	-	31,450	-	54,000	134,756	44,587	-	4,830	25,229
Honoraria	-	-	-	25,000	20,361	35,910	-	794	-
Travel	-	-	-	22,473	91,325	59,984	-	8,406	2,442
Utilities	-	-	-	187,000	189,014	189,778	-	24,528	11,168
Wages and benefits	-	-	-	1,138,003	1,923,070	1,286,091	-	237,460	398,635
Other expenses	-	357,641	-	2,379,636	321,676	276,328	-	413,970	317,686
Total expenses	-	389,392	-	4,001,112	2,680,202	1,892,678	-	788,354	884,866
Annual surplus (deficit)	\$ -	\$ 51,376	\$ -	\$ (56,000)	\$ 2,330,804	\$ 359,230	\$ -	\$ 85,857	\$ 83,247
	Social Housing			Capital Fund			Land Claims Fund		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
Rental	\$ -	\$ 239,696	\$ 247,908	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenue	-	175,719	222,602	-	-	-	-	3,964,296	-
Total revenue	-	415,415	470,510	-	-	-	-	3,964,296	-
Expenses									
Amortization	-	225,108	227,610	-	2,833,912	2,785,807	-	-	-
Loan payments	-	38,713	39,523	-	-	-	-	-	-
Professional fees	-	10,000	10,000	-	-	-	-	-	-
Wages and benefits	-	4,681	31,777	-	-	-	-	-	-
Other expenses	-	128,583	154,537	-	-	-	-	-	-
Total expenses	-	407,085	463,447	-	2,833,912	2,785,807	-	-	-
Annual surplus (deficit)	\$ -	\$ 8,330	\$ 7,063	\$ -	\$ (2,833,912)	\$ (2,785,807)	\$ -	\$ 3,964,296	\$ -

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

18. SEGMENTED INFORMATION, continued

	2020 Budget	Trust Fund 2020 Actual	2019 Actual	2020 Budget	Enterprise Fund 2020 Actual	2019 Actual	2020 Budget	Consolidated totals 2020 Actual	2019 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,898,372	\$ 14,202,999	\$ 14,094,421
Administration fee	-	-	-	-	-	-	12,000	34,346	-
Great Bear Initiative	-	-	-	-	-	-	571,970	572,583	571,970
First Nations Education Steering Committee	-	-	-	-	-	-	18,717	-	18,717
Department of Fisheries and Oceans	-	-	-	-	-	-	1,051,234	1,443,208	906,546
Coast Conservation Endowment	-	-	-	-	-	-	1,052,214	490,000	237,000
Licenses	-	-	-	-	-	-	218,873	150,007	301,879
Rental	-	-	-	-	-	-	45,751	672,566	713,956
Other revenue	-	56,767	76,754	-	1,873,491	2,508,437	8,515,410	11,979,233	5,886,179
Total revenue	-	56,767	76,754	-	1,873,491	2,508,437	19,384,541	29,544,942	22,730,668
Expenses									
Amortization	-	-	-	-	-	-	2,200,000	3,062,700	3,016,386
	-	-	-	-	-	-	894,120	1,522,427	1,076,116
Loan payments	-	-	-	-	-	-	212,259	152,744	142,405
Professional fees	-	-	-	-	-	-	465,344	1,027,343	1,019,503
Honoraria	-	-	-	-	-	-	339,811	209,074	229,082
Travel	-	-	-	-	-	-	412,359	1,127,169	789,998
Utilities	-	-	-	-	-	-	372,822	456,408	387,170
Wages and benefits	-	-	-	-	-	-	5,995,911	7,951,736	6,339,305
Other expenses	-	-	-	-	-	-	4,966,737	10,044,941	9,217,885
Total expenses	-	-	-	-	-	-	15,859,363	25,554,542	22,217,850
Annual surplus (deficit)	\$ -	\$ 56,767	\$ 76,754	\$ -	\$ 1,873,491	\$ 2,508,437	\$ 3,525,178	\$ 3,990,400	\$ 512,818

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

19. 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) On-Reserve Housing Loan Program

Heiltsuk has entered into an agreement with the Bank of Montreal to guarantee on-reserve member housing loans. Heiltsuk has a facility with the bank authorized for \$2,176,000. The most recent listing of guaranteed loans from November 30, 2020 showed a total guaranteed loan balance outstanding of \$2,150,516.

20. 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 \$299,827 (\$0 in 2019).
- 2) Bella Bella School Society \$5,151,666 (\$5,125,662 in 2019)
- 3) Heiltsuk Economic Development Corporation \$138,504 (\$148,5040 in 2019)
- 4) Waglisla Band Store Limited Partnership \$12,820 (\$10,000 in 2019)
- 5) Heiltsuk College Society \$394,236 (\$394,236 in 2019)

All transactions have been measured at the exchange amount.

21. GERMYN SOK SETTLEMENT

Effective July 16, 2019, the First Nation agreed to a settlement with Canada for \$75,000,000. Subsequent to the settlement, the Heiltsuk membership voted to disburse the settlement proceeds to members on record.

As of March 31, 2020 \$51,642,917 had been disbursed to Heiltsuk Members. The First Nation held \$23,844,817 of funds in trust for members at March 31, 2020.

Subsequent to the year end, \$14,239,031 of the settlement funds were settled into a minor's trust. Further, \$3,010,366 of the settlement were settled into a contingency trust.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

22. PRIOR PERIOD ADJUSTMENT

In the prior year, the operations of Heiltsuk Kaxla Society and Heiltsuk College Society were fully consolidated in the financial statements of Heiltsuk. It was determined in the current year, that insufficient evidence of control over these organizations exists and therefore, they do not meet the criteria for consolidation. Further, CMHC funded \$84,908 in the prior year which was reported as part of the Replacement Reserve Fund. At CMHC's direction, these funds should be recognized as general contributions. As such, the financial statements have been restated as follows:

For the year ended March 31	As previously stated in 2019	Adjustments Increase (Decrease)	Restated 2019
Consolidated Statement of Financial Position			
Financial assets			
Cash	\$ 8,247,170	\$ (223,429)	\$ 8,023,741
Accounts receivable	2,148,311	111,873	2,260,184
Loans receivable	731,415	7,451	738,866
Liabilities			
Accounts payable	1,609,328	(65,489)	1,543,839
Replacement Reserve Fund	484,932	(84,908)	400,024
Non-financial assets			
Tangible Capital Assets	33,269,663	(137,747)	33,131,916
Accumulated surplus - closing	44,275,587	(91,464)	44,184,123
Consolidated Statement of Operations			
Revenue	24,070,766	(1,340,098)	22,730,668
Expenses	23,660,875	(1,443,025)	22,217,850
Current year surplus (deficit)	\$ 409,901	\$ 102,917	\$ 512,818

23. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential effects on Heiltsuk due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on Heiltsuk's operations.

The extent of the impact of this outbreak and related containment measures on Heiltsuk's operations cannot be reliably estimated at this time.

On July 25, 2019, Heiltsuk entered into the Hailcistut Incremental House Post Agreement with Canada, which provides for funding of \$37,771,963 to be paid over 3 years to fund the following "House Posts" to support recognition and reconciliation:

- 1) Self Government (\$11,450,000)
- 2) Housing and Infrastructure (\$9,128,463)
- 3) Economic Development (\$15,070,000)
- 4) Language (\$2,123,500)
- 5) Fisheries and Marine Matters

Additional funding for this purpose has been received from the Department of Fisheries and Oceans and further funding is anticipated from the Province.