

HEILTSUK INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2021

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INDEPENDENT AUDITORS' REPORT

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HEILTSUK INDIAN BAND

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2021

The accompanying consolidated financial statements of Heiltsuk Indian Band and all the information in this annual report for the year ended March 31, 2021 are the responsibility of management and have been approved by the Chief and Council.

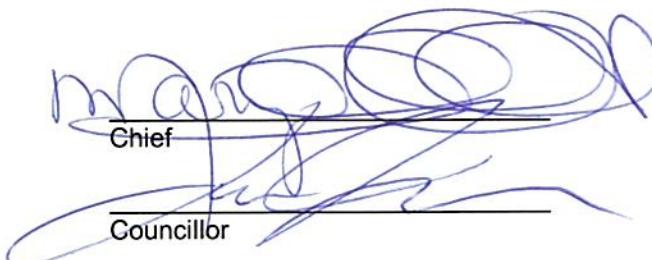
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen 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

Councillor

Apr. 5, 2022
Date
april 5, 2022
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, 2021, 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, 2021, 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

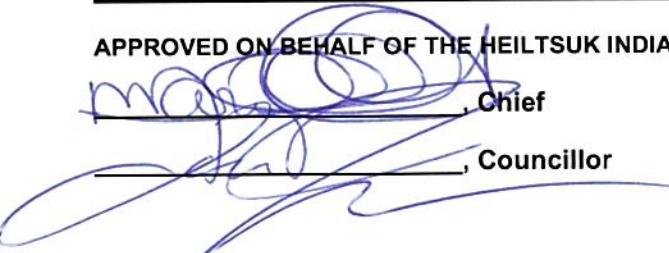
RICHMOND, B.C.
APRIL 5, 2022

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31	2021	2020
FINANCIAL ASSETS		
Cash	\$ 48,603,137	\$ 3,099,798
Restricted cash (Note 5)	530,541	387,964
Accounts receivable (Note 6)	26,171,427	2,327,153
Loans receivable (Note 7)	625,438	606,621
Long-term investments (Note 8)	10,345,363	9,791,333
Federal trust funds (Note 10)	3,283,470	3,240,108
	89,559,376	19,452,977
LIABILITIES		
Accounts payable (Note 11)	3,832,739	3,089,402
Damage deposits	41,128	44,292
Deferred revenue (Note 12)	72,922,077	2,567,136
Replacement Reserve (Note 13)	451,879	431,464
Loans payable (Note 14)	2,523,466	2,888,593
CMHC Mortgages (Note 16)	1,750,760	1,931,025
	81,522,049	10,951,912
NET FINANCIAL ASSETS	8,037,327	8,501,065
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 17)	43,422,239	39,657,963
Prepaid expenses	776,135	15,495
	44,198,374	39,673,458
ACCUMULATED SURPLUS	\$ 52,235,701	\$ 48,174,523

APPROVED ON BEHALF OF THE HEILTSUK INDIAN BAND

, Chief

, Councillor

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31	2021 Budget	2021 Actual	2020 Actual
ANNUAL SURPLUS	\$ (4,584,818)	\$ 4,061,178	\$ 3,990,400
Acquisition of tangible capital assets	-	(6,105,120)	(9,588,744)
Amortization of tangible capital assets	-	2,058,612	3,062,697
Disposition of tangible capital assets	-	282,232	-
	-	(3,764,276)	(6,526,047)
Acquisition of prepaid asset	(760,640)	(776,135)	(15,495)
Use of prepaid asset	-	15,495	21,400
	(760,640)	(760,640)	5,905
DECREASE IN NET FINANCIAL ASSETS	(5,345,458)	(463,738)	(2,529,742)
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	-	8,501,065	11,030,807
NET FINANCIAL ASSETS AT END OF YEAR	\$ -	\$ 8,037,327	\$ 8,501,065

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31	2021 Budget	2021 Actual	2020 Actual
REVENUE			
Indigenous Services Canada	\$ 4,134,000	\$ 16,755,799	\$ 14,202,999
Government of Canada	(3,837,178)	40,809,991	-
Canada Mortgage and Housing Corporation	-	5,645,000	175,719
Other	2,562,087	4,739,197	2,910,775
Province of BC	(125,000)	3,238,458	875,326
BC Housing	-	2,612,606	-
Department of Fisheries and Oceans	881,500	1,296,815	2,854,259
BC FN Gaming Revenue Share LP	-	1,133,149	1,088,557
Share of income (loss) from controlled entities (Note 9)	-	704,031	1,873,491
Interest	85,000	836,924	197,089
Coast Conservation Endowment	-	650,000	490,000
Rental	-	499,803	672,566
Great Bear Initiative	571,970	352,767	572,583
Licenses	218,873	73,103	150,007
Department of Justice - Canada	-	66,052	62,916
Trust fund	-	43,363	56,767
First Nations Education Steering Committee	18,717	20,475	18,127
Canada - treaty loan forgiveness (Note 15)	-	-	3,964,296
Deferred revenue - adjustment	-	(47,905,941)	(620,535)
	4,509,969	31,571,592	29,544,942
EXPENSES			
Administration	4,402,030	14,332,846	12,896,598
Social Development	1,555,745	1,933,330	1,804,563
Economic Development	2,137,012	2,726,013	3,754,436
Halcistat Reconciliation	-	2,513,221	389,392
Public Works	1,000,000	2,873,874	2,680,202
Heiltsuk Properties	-	652,461	788,354
Social Housing	-	310,550	407,085
Capital Fund	-	2,168,119	2,833,912
	9,094,787	27,510,414	25,554,542
ANNUAL SURPLUS BEFORE PROCEEDS FROM OTHER			
Canada - Germyn Settlement Proceeds (Note 21)	(4,584,818)	4,061,178	3,990,400
Allocation of settlement to membership	-	-	75,000,000
	-	-	(75,000,000)
ANNUAL SURPLUS	(4,584,818)	4,061,178	3,990,400
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	-	48,174,523	44,184,123
ACCUMULATED SURPLUS AT END OF YEAR	\$ (4,584,818)	\$ 52,235,701	\$ 48,174,523

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2021	2021	2020
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 4,061,178	\$ 3,990,400
Items not affecting cash		
Amortization	2,058,612	3,062,697
Share of income (loss) of government businesses	(704,031)	(1,873,491)
Treaty loan forgiveness	-	(3,964,296)
	5,415,759	1,215,310
Change in non-cash operating working capital	46,448,437	2,211,505
	51,864,196	3,426,815
CAPITAL ACTIVITIES		
Purchase of capital assets in the Capital Fund	(6,105,120)	(9,588,744)
Sale of capital assets in the capital fund	282,232	-
	(5,822,888)	(9,588,744)
FINANCING ACTIVITIES		
Repayment of CMHC mortgages	(180,265)	(243,490)
Repayment of long-term debt	(365,127)	(88,971)
Proceeds from long-term debt	-	1,036,114
	(545,392)	703,653
INVESTING ACTIVITIES		
Distribution from Central Coast Commercial Fisheries LP	150,000	119,773
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	45,645,916	(5,338,503)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,487,762	8,826,265
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 49,133,678	\$ 3,487,762
CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:		
Cash	\$ 48,603,137	\$ 3,099,798
Restricted cash	530,541	387,964
	\$ 49,133,678	\$ 3,487,762

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

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, 2021

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) Loans Receivable

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, 2020 and 2021, no liability for contaminated sites has been recorded.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

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:

Buildings	10 years Straight line
Equipment	10 to 40 years Straight line
Infrastructure	20 years Straight line
Health Centre	30 years Straight line
Land	3 to 5 years Straight line
Fire Truck	10 to 20 years Straight line
Licenses	3 to 20 years Straight line
Furniture & Equipment	5 years Straight line
Health Centre	15 years Straight line
School	15 years Straight line
Social housing	25 years Straight line
Vehicle	10 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, 2021

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.

	2021	2020
Replacement Reserve Fund - restricted cash	\$ 251,731	\$ 252,319
Operating Reserve Fund - restricted cash	278,810	135,645
	\$ 530,541	\$ 387,964

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2021

6. ACCOUNTS RECEIVABLE

	2021	2020
Accounts receivable	\$ 1,460,038	\$ 644,199
BC Government	22,330,000	-
Rent receivable	5,200,083	5,059,737
Government of Canada	1,350,000	-
Indigenous Services Canada	400,310	702,379
Interest receivable	312,015	-
Department of Fisheries and Oceans	142,421	712,675
Canada Mortgage and Housing Corporation	441	27,289
	31,195,308	7,146,279
Allowance for doubtful accounts	(5,023,881)	(4,819,126)
	\$ 26,171,427	\$ 2,327,153

7. LOANS RECEIVABLE

	2021	2020
Due from other entities	\$ 6,460	\$ 6,459
Due from Heiltsuk Health Centre	29,611	29,611
Due from Heiltsuk Fisheries LP	300,000	300,000
Due from Bella Bella Airport LP	6,492	6,492
Due from Heiltsuk Forestry Management LP	(10,616)	(10,616)
Due from Heiltsuk Economic Development Corp.	82,044	70,533
Due from Lama Pass Fuel Co. LP	85,451	85,451
Due to Waglisla Band Store LP	125,996	118,691
	\$ 625,438	\$ 606,621

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

8. LONG-TERM INVESTMENTS

	2021	2020
Investment in Heiltsuk Holdings Limited Partnership	\$ 9,031,280	\$ 8,583,231
Investment in Heiltsuk Holdings Ltd.	903	831
Non-controlled investments	1,313,180	1,207,271
	\$ 10,345,363	\$ 9,791,333

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

9. GOVERNMENT BUSINESS ENTERPRISES

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.

	Heiltsuk Holdings Limited Partnership	Heiltsuk Holdings Ltd.	2021 Total	2020 Total
Investments in subsidiaries	\$ 9,031,280	\$ 903	\$ 9,032,183	\$ 8,584,062
Equity	\$ 9,031,280	\$ 903	\$ 9,032,183	\$ 8,584,062
Total equity	\$ 9,031,280	\$ 903	\$ 9,032,183	\$ 8,584,062

	Heiltsuk Holdings Limited Partnership	Heiltsuk Holdings Ltd.	2021 Total	2020 Total
Revenue	\$ 448,076	\$ 45	\$ 448,121	\$ 1,704,993
Net income	\$ 448,076	\$ 45	\$ 448,121	\$ 1,704,993

In addition to the above, Heiltsuk is a 25% partner of the Central Coast Commercial Fisheries Limited Partnership. Income included from this enterprise in 2021 was \$255,909 (\$48,275 in 2020). Combined with the below, the total income from government businesses was \$704,031 (\$1,753,718 in 2020).

10. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	2021	2020
Capital funds held in trust	\$ 5,318	\$ 5,318
Revenue funds held in trust	\$ 3,278,152	\$ 3,234,790
	\$ 3,283,470	\$ 3,240,108

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, 2021

11. ACCOUNTS PAYABLE

	2021	2020
Accounts payable - general	\$ 2,547,052	\$ 2,164,641
Wages payable	265,427	389,679
Bella Bella School Society	1,020,260	396,576
Heiltsuk Fisheries Management LP	-	138,506
	\$ 3,832,739	\$ 3,089,402

12. DEFERRED REVENUE

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

	March 31, 2020	Funding received, 2021	Revenue recognized, 2021	March 31, 2021
Federal government				
Comprehensive Community Planning	\$ 19,327	\$ -	\$ (19,327)	\$ -
Canada - Heiltsuk Radio	48,201	-	(48,201)	-
Government of Canada	-	40,809,990	(1,722,355)	39,087,635
Department of Fisheries and Oceans	-	212,075	-	212,075
Department of Fisheries and Oceans	-	361,777	-	361,777
Department of Fisheries and Oceans	1,411,051	-	(788,366)	622,685
Canada Mortgage and Housing Corporation	-	4,922,850	-	4,922,850
ISC Q3QP	-	157,858	-	157,858
ISC Q3FO	-	46,000	-	46,000
ISC Q35B/D	-	398,105	-	398,105
ISC Q2D0	-	42,119	-	42,119
	1,478,579	46,950,774	(2,578,249)	45,851,104
Provincial Government				
BC FN Gaming Revenue Share LP	1,088,557	1,106,631	(15,811)	2,179,377
BC Reconciliation Funding	-	22,330,000	-	22,330,000
BC - Title, rights and self-government	-	2,250,000	(370,137)	1,879,863
	1,088,557	25,686,631	(385,948)	26,389,240
Other				
CIRNAC	-	647,503	(188,682)	458,821
First People's Heritage Language	-	80,000	(47,111)	32,889
Pacific Salmon Foundation	-	32,264	-	32,264
Kuntsoot Wellness	-	38,759	-	38,759
Vancity	-	103,000	-	103,000
UBC	-	15,000	-	15,000
Prepaid rent	-	1,000	-	1,000
	-	917,526	(235,793)	681,733
	\$ 2,567,136	\$ 73,554,931	\$ (3,199,990)	\$ 72,922,077

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

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.

	2021	2020
Balance, beginning of year	\$ 431,464	\$ 400,024
Contributions, required during the year	37,500	53,417
Interest	-	8,222
Matured unit equity adjustment	(17,085)	(30,199)
	\$ 451,879	\$ 431,464

14. LOANS PAYABLE

	2021	2020
BMO Financial Group with scheduled loan payments of \$9,706 per month, including interest at prime plus 1.25% per annum, due on demand.	\$ 1,529,527	\$ 1,568,975
BMO Financial Group with scheduled loan payments of \$2,085 per month, including interest at prime plus 1.25% per annum, due on demand.	105,524	118,069
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.	125,453	165,434
Capital lease obligations - payable to a number of suppliers at various interest rates. Obligations are payable over either 4 or 5 years and relate to purchased assets	297,667	398,526
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.	465,295	637,589
<u>Callable portion</u>	2,523,466	2,888,593
	2,225,799	2,490,067
	\$ 297,667	\$ 398,526

Expected principal repayments over the next five years are: 2022 -\$270,778 2023 - \$274,233 2024 - \$268,329 2025 - \$130,541 and thereafter 1,579,585

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

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

16. CMHC MORTGAGES

	Phase number	Maturity date	Interest rate	Monthly payment	2021	2020
2607010	1	6/1/2021	4.95%	\$ 1,672	\$ 6,653	\$ 25,961
19362276002	2	10/1/2033	1.83%	\$ 10,809	\$ 1,457,407	\$ 1,559,591
10437267016	16	3/1/2024	1.86%	\$ 2,340	\$ 81,884	\$ 108,186
19362276001	1	3/1/2027	1.43%	\$ 2,970	\$ 204,816	\$ 237,287
					\$ 1,750,760	\$ 1,931,025

Expected principal repayments over the next five years are: 2022 - \$170,270 2023 - \$165,511 2024 - \$169,470 2025 - \$ 144,134 and thereafter - \$1,101,375

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

17. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization				2021 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	
Boats	\$ 462,007	\$ -	\$ -	\$ 462,007	\$ 419,712	\$ 10,081	\$ -	\$ 429,793
Buildings	50,959,493	4,488,339	(283,232)	55,164,600	24,019,224	1,002,654	\$ -	25,021,878
Equipment	623,662	98,150	-	721,812	448,990	50,951	\$ -	499,941
Infrastructure	16,671,099	1,500,651	-	18,171,750	12,562,179	422,523	\$ -	12,984,702
Land	1,855,054	-	-	1,855,054	-	-	\$ -	1,855,054
Licenses	50,610	-	-	50,610	-	-	\$ -	50,610
Social housing	4,291,105	-	-	4,291,105	615,559	160,959	\$ -	776,518
Vehicle	1,639,477	18,980	-	1,658,457	526,138	256,406	\$ -	782,544
Water treatment plant	6,588,569	-	-	6,588,569	4,891,311	155,038	\$ -	5,046,349
Waste water treatment plant	9,267,364	-	-	9,267,364	9,267,364	-	\$ -	9,267,364
	\$ 92,408,440	\$ 6,106,120	\$ (283,232)	\$ 98,231,328	\$ 52,750,477	\$ 2,058,612	\$ -	\$ 54,809,089
								\$ 43,422,239

	Cost			Accumulated amortization				2020 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	
Boats	\$ 462,007	\$ -	\$ -	\$ 462,007	\$ 399,631	\$ 20,081	\$ -	\$ 419,712
Buildings	41,566,489	8,072,750	1,320,254	50,959,493	21,732,800	2,072,291	214,133	24,019,224
Equipment	429,562	194,100	-	623,662	429,562	19,428	\$ -	448,990
Infrastructure	16,530,978	140,121	-	16,671,099	12,025,242	536,937	\$ -	12,562,179
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
Vehicle	680,059	1,181,773	(222,355)	1,639,477	651,469	97,024	(222,355)	526,138
Water treatment plant	6,588,569	-	-	6,588,569	4,732,392	158,919	\$ -	4,891,311
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

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

18. SEGMENTED INFORMATION

	Administration		Social Development		Economic Development			2020 Actual	
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	
Revenues									
Indigenous Services Canada	\$ 1,915,000	\$ 11,526,698	\$ 9,058,603	\$ 1,219,000	\$ 1,660,255	\$ 1,620,099	-	\$ 647,503	\$ 850,000
Administration fee	-	21,505	10	-	-	-	(21,600)	657,137	34,336
Great Bear Initiative	571,970	352,767	572,583	-	-	-	-	-	-
First Nations Education Steering Committee	-	-	-	18,717	20,475	18,127	-	-	-
Department of Fisheries and Oceans	881,500	652,616	516,068	-	-	-	-	644,199	488,191
Coast Conservation Endowment	-	-	-	-	-	-	-	650,000	490,000
Deferred revenue - adjustment	-	(1,659,949)	(1,156,085)	-	(42,119)	-	-	(2,583,648)	-
Other revenue	2,608,560	3,795,278	2,926,825	154,000	82,888	356,232	-	3,636,136	1,133,999
Total revenue	5,977,030	14,688,915	11,918,004	1,391,717	1,721,499	1,994,458	(21,600)	3,651,327	2,996,526
Expenses									
Amortization	2,200,000	10,051	1,661	-	-	-	-	4,090	1,718
Contracted services	68,154	2,198,052	1,143,791	97,500	119,149	101,352	370,646	471,343	626,972
Loan payments	17,259	1	15,665	-	5,274	-	-	-	-
Professional fees	109,403	743,623	790,476	40,000	-	29,653	6,000	29,689	26,178
Honoraria	2,911	147,138	8,253	-	16,286	16,597	71,525	81,814	163,069
Travel	80,063	242,505	463,049	30,000	1,980	87,119	59,609	9,558	477,269
Utilities	104,591	125,328	173,849	18,500	25,715	35,149	25,600	48,922	33,868
Wages and benefits	1,054,060	2,895,624	3,050,497	458,012	745,761	678,782	1,176,000	1,491,123	1,707,558
Other expenses	765,589	7,970,524	7,249,357	911,733	1,019,165	855,911	427,632	589,474	717,804
Total expenses	4,402,030	14,332,846	12,896,598	1,555,745	1,933,330	1,804,563	2,137,012	2,726,013	3,754,436
Annual surplus (deficit)	\$ 1,575,000	\$ 356,069	\$ (978,594)	\$ (164,028)	\$ (211,831)	\$ 189,895	\$ (2,158,612)	\$ 925,314	\$ (757,910)

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

18. SEGMENTED INFORMATION, continued

	Halcistat Reconciliation			Public Works			Heiltsuk Properties		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 2,921,343	\$ 2,254,145	-	\$ -	\$ 420,152
Government of Canada	(3,837,178)	40,809,991	-	-	-	-	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	-	5,491,285	-	-	-	-
Department of Fisheries and Oceans	-	-	1,850,000	-	-	-	-	-	-
Rental	-	-	-	-	11,735	7,330	-	346,075	423,860
Deferred revenue - adjustment	-	(38,299,270)	(1,411,051)	-	(5,320,955)	1,946,601	-	-	-
Other revenue	-	414,695	1,819	-	4,080,223	802,930	-	25,141	30,199
Total revenue	(3,837,178)	2,925,416	440,768	1,000,000	7,183,631	5,011,006	-	371,216	874,211
Expenses									
Amortization	-	2,500	301	-	-	-	-	-	-
Contracted services	-	374,889	231,060	120,000	4,846,173	6,348,199	-	48,899	20,527
Loan payments	-	-	-	105,000	27,385	-	-	80,282	98,366
Professional fees	-	37,775	31,450	7,000	166,591	134,756	-	7,783	4,830
Honoraria	-	48,880	-	-	18,325	20,361	-	829	794
Travel	-	5,150	-	15,000	83,462	91,325	-	2,195	8,406
Utilities	-	53,657	-	64,000	191,316	189,014	-	15,638	24,528
Wages and benefits	-	939,655	-	505,000	2,221,088	1,923,070	-	127,730	237,460
Other expenses	-	1,050,715	126,581	184,000	(4,680,466)	(6,026,523)	-	369,105	393,443
Total expenses	-	2,513,221	389,392	1,000,000	2,873,874	2,680,202	-	652,461	788,354
Annual surplus (deficit)	\$ (3,837,178)	\$ 412,195	\$ 51,376	\$ 4,309,757	\$ 2,330,804	\$ (281,245)	\$ 85,857		

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

18. SEGMENTED INFORMATION, continued

	Social Housing			Capital Fund			Land Claims Fund		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
Revenues									
Canada Mortgage and Housing Corporation	\$ -	\$ 153,715	\$ 175,719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rental	-	128,374	239,696	-	-	-	-	-	-
Other revenue	-	105	-	-	-	-	-	-	3,964,296
Total revenue	-	282,194	415,415	-	-	-	-	-	3,964,296
Expenses									
Amortization	-	160,958	225,108	-	1,884,888	2,833,912	-	-	-
Contracted services	-	32,371	6,288	-	-	-	-	-	-
Loan payments	-	32,234	38,713	-	-	-	-	-	-
Professional fees	-	10,000	10,000	-	-	-	-	-	-
Wages and benefits	-	-	4,681	-	-	-	-	-	-
Other expenses	-	74,987	122,295	-	283,231	-	-	-	-
Total expenses	-	310,550	407,085	-	2,168,119	2,833,912	-	-	-
Annual surplus (deficit)	\$ -	\$ (28,356)	\$ 8,330	\$ -	\$ (2,168,119)	\$ (2,833,912)	\$ -	\$ -	\$ 3,964,296

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

18. SEGMENTED INFORMATION, continued

	Trust Fund			Subsidiaries Fund			Consolidated totals		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,134,000	\$ 16,755,799	\$ 14,202,999
Government of Canada	-	-	-	-	-	-	(3,858,778)	41,488,633	34,346
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	571,970	5,997,767	748,302
Province of BC	-	-	-	-	-	-	18,717	20,475	18,127
Department of Fisheries and Oceans	-	-	-	-	-	-	881,500	1,296,815	2,854,259
Coast Conservation Endowment	-	-	-	-	-	-	-	650,000	490,000
Rental	-	-	-	-	-	-	-	(3,799,532)	(485,199)
Deferred revenue - adjustment	-	-	-	-	-	-	-	(43,620,225)	535,550
Other revenue	-	43,363	56,767	-	704,031	1,873,491	2,762,560	12,781,860	11,146,558
Total revenue	-	43,363	56,767	-	704,031	1,873,491	4,509,969	31,571,592	29,544,942
Expenses									
Amortization	-	-	-	-	-	-	2,200,000	2,062,487	3,062,700
Contracted services	-	-	-	-	-	-	656,300	8,090,876	8,478,189
Loan payments	-	-	-	-	-	-	122,259	145,176	152,744
Professional fees	-	-	-	-	-	-	162,403	995,461	1,027,343
Honoraria	-	-	-	-	-	-	74,436	313,272	209,074
Travel	-	-	-	-	-	-	184,672	344,850	1,127,168
Utilities	-	-	-	-	-	-	212,691	460,576	456,408
Wages and benefits	-	-	-	-	-	-	3,193,072	8,420,981	7,602,048
Other expenses	-	-	-	-	-	-	2,288,954	6,676,735	3,438,868
Total expenses	-	-	-	-	-	-	9,094,787	27,510,414	25,554,542
Annual surplus (deficit)	\$ -	\$ 43,363	\$ 56,767	\$ -	\$ 704,031	\$ 1,873,491	\$ (4,584,818)	\$ 4,061,178	\$ 3,990,400

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

19. CONTINGENT LIABILITIES

Heiltsuk Indian Band has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Heiltsuk Indian Band becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Heiltsuk Indian Band's financial statements.

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. The most recent listing of guaranteed loans from January 20, 2022 showed a total guaranteed loan balance outstanding of \$2,662,634.

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 \$0 (\$299,827 in 2020)
- 2) Bella Bella School Society \$5,204,099 (\$5,151,666 in 2020)
- 3) Heiltsuk Economic Development Corporation \$138,504 (\$138,504 in 2020)
- 4) Waglisla Band Store Limited Partnership \$0 (\$12,820 in 2020)
- 5) Heiltsuk College Society \$394,236 (\$394,236 in 2020)

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.

22. SUBSEQUENT EVENTS AND COVID-19

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.

Subsequent to the year end, the First Nation entered into an agreement to purchase the shares of Widsten Holdings Inc. for \$12,700,000. The company controls a subsidiary which operates the Shearwater Marine location.