

**N'Quatqua First Nation**  
**Consolidated Financial Statements**  
For the year ended March 31, 2018

**N'Quatqua First Nation**  
**Consolidated Financial Statements**  
For the year ended March 31, 2018

**Contents**

---

<b>Management's Responsibility for Financial Reporting</b>	<b>3</b>
<b>Independent Auditor's Report</b>	<b>4 - 5</b>
<b>Financial Statements</b>	
Exhibit A - Consolidated Statement of Financial Position	<b>6</b>
Exhibit B - Consolidated Statement of Change in Net Debt	<b>7</b>
Exhibit C - Consolidated Statement of Operations	<b>8 - 9</b>
Exhibit D - Consolidated Statement of Cash Flows	<b>9</b>
Notes to Consolidated Financial Statements	<b>10 - 28</b>

---

## Management's Responsibility for Financial Reporting

---

The accompanying consolidated financial statements of the N'Quatqua First Nation 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. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

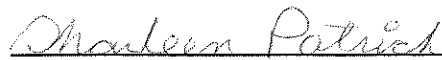
The N'Quatqua First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nation's assets are appropriately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

The N'Quatqua First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council carries out this responsibility principally through the Chief and Council.

The Chief and Council review the Nation's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also appoint the external auditors.

The consolidated financial statements have been audited by Jerry Spice Inc. in accordance with Canadian generally accepted auditing standards on behalf of the members. Jerry Spice Inc. has full access to the Band Council.

  
Chief

  
Councilor

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Members of  
N'Quatqua First Nation

We have audited the accompanying consolidated financial statements of N'Quatqua First Nation, which comprise the consolidated statement of financial position as at March 31, 2018 and the consolidated statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

(continues)

INDEPENDENT AUDITOR'S REPORT to the Members of N'Quatqua First Nation (*continued*)

Other Matters

The consolidated financial statements of N'Quatqua First Nation for the year ended March 31, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on July 27, 2017.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of N'Quatqua First Nation as at March 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Kamloops, British Columbia  
September 6, 2018

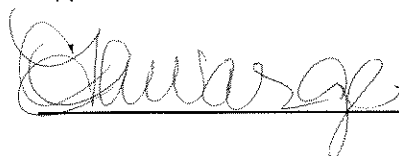
  
Chartered Professional Accountants

**N'Quatqua First Nation**  
**Exhibit A - Consolidated Statement of Financial Position**


As at	2018	2017 (Restated - Note 23)
<b>Financial Assets</b>		
Cash (Note 3)	\$ 266,331	\$ 364,070
Restricted cash (Note 4)	323,049	243,073
Accounts receivable (Note 5)	1,135,674	957,418
Inventory	36,920	33,366
St'at'imc (PC) Trust 2011 Investments (Note 9)	1,252,262	1,054,259
Ottawa Trust funds	576,908	563,572
	<u>3,591,144</u>	<u>3,215,758</u>
<b>Liabilities</b>		
Bank indebtedness (Note 6)	144,943	111,918
Accounts payable and accrued liabilities (Note 10)	385,938	225,417
Deferred revenue (Note 11)	748,469	191,797
Amounts held in trust for minors (Note 12)	156,026	169,055
Long term debt (Note 13)	412,416	504,028
	<u>1,847,792</u>	<u>1,202,215</u>
<b>Net Assets</b>	<u>1,743,352</u>	<u>2,013,543</u>
<b>Non-financial Assets</b>		
Prepaid expenses	93,185	66,003
Tangible capital assets (Note 14)	3,474,903	3,127,415
	<u>3,568,088</u>	<u>3,193,418</u>
<b>Accumulated surplus (Note 15)</b>	<u>\$ 5,311,440</u>	<u>\$ 5,206,961</u>

**Prior Period Adjustments (Note 23)**

Approved on behalf of the Band Council:

\_\_\_\_\_

Chief

\_\_\_\_\_

Councillor

**N'Quatqua First Nation**  
**Exhibit B - Consolidated Statement of Change in Net Debt**

For the year ended March 31	2018	2017 (Restated - Note 23)
<b>Annual surplus (deficit)</b>	<b>\$ 96,110</b>	<b>\$ 454,021</b>
Acquisition of tangible capital assets	<b>(536,871)</b>	(127,497)
Amortization of tangible capital assets	<b>189,384</b>	197,879
Equity contribution of capital assets	<b>-</b>	(43,857)
	<b>(251,377)</b>	480,546
Change in prepaid expenses	<b>(27,182)</b>	(13,424)
Change in inventory	<b>3,554</b>	1,536
Equity change in Ottawa Trust	<b>13,336</b>	11,373
Equity change in externally restricted	<b>198,003</b>	54,000
Equity transfer to operating and replacement reserves	<b>52,520</b>	21,877
Transfers	<b>(259,045)</b>	(120,506)
	<b>4,814</b>	(33,256)
<b>Change in net financial assets</b>	<b>(270,191)</b>	435,402
<b>Net financial assets</b> , beginning of year as previously stated	<b>2,013,543</b>	195,704
Prior period adjustment (Note 23)	<b>-</b>	1,382,437
<b>Net financial assets</b> , PPA as restated, end of year	<b>\$ 1,743,352</b>	<b>\$ 2,013,543</b>

## N'Quatqua First Nation

### Exhibit C - Consolidated Statement of Operations

For the year ended March 31	2018	2017 (Restated - Note 23)
<b>Revenue</b>		
Indigenous and Northern Affairs Canada	\$ 1,232,919	\$ 959,449
Department of Fisheries	49,750	63,000
First Nations Health Authority/St'at'imc Health Society	298,937	271,500
Province of British Columbia	296,633	371,239
St'at'imc Trust	198,003	228,640
BC Hydro	5,393	95,226
Canada Mortgage and Housing Corporation	276,928	317,415
Sto:lo Aboriginal Skills & Employment Training	252,152	70,426
First Nations Education Steering Committee	91,023	70,132
School District	-	52,742
Tribal Councils/Associations	167,184	30,460
New Relationship Trust	5,000	23,700
Rental income	128,826	136,452
Other income	389,407	406,729
NEEDCO	570,740	506,010
First Nations Employment Society	-	51,547
	<b>3,962,895</b>	<b>3,654,667</b>
<b>Expenses (Note 22)</b>		
Administration	1,291,329	1,170,080
Operations & Maintenance	587,866	608,859
Education	348,135	502,394
Economic Development	937,947	374,481
Health Services	300,834	240,090
Capital	142,495	17,712
Social Housing	258,179	287,030
	<b>3,866,785</b>	<b>3,200,646</b>
<b>Annual surplus</b>	<b>\$ 96,110</b>	<b>\$ 454,021</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.



## N'Quatqua First Nation

### Exhibit D - Consolidated Statement of Cash Flows

For the year ended March 31	2018	2017 (Restated - Note 23)
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Cash receipts from various sources	\$ 3,749,038	\$ 3,510,867
Cash paid to employees and suppliers	(3,133,338)	(2,875,137)
Interest paid	(24,669)	(117,970)
<b>Cash flows from operating activities</b>	<b>591,031</b>	<b>517,760</b>
<b>Capital activities</b>		
Acquisitions of tangible capital assets	(536,871)	(119,365)
<b>Investing activities</b>		
Purchase (sale) of investments	-	17,258
<b>Cash flows from investing activities</b>	<b>-</b>	<b>17,258</b>
<b>Financing activities</b>		
Repayment of long term debt	(91,612)	(111,111)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(37,452)</b>	<b>304,542</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,058,797</b>	<b>754,255</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,021,345</b>	<b>\$ 1,058,797</b>
<b>Represented by:</b>		
Cash	\$ 266,331	\$ 364,070
Restricted cash	899,957	806,645
Bank indebtedness	(144,943)	(111,918)
	<b>\$ 1,021,345</b>	<b>\$ 1,058,797</b>

---

## N'Quatqua First Nation Notes to Consolidated Financial Statements

March 31, 2018

---

### 1. Summary of Significant Accounting Policies

#### Basis of Presentation

These consolidated financial statements have been prepared, in all material respects, in accordance with Canadian public sector accounting standards for government entities as defined by CPA Public Sector Accounting Handbook, which encompasses the following policies.

#### Fund Accounting

The N'Quatqua First Nation (the "Nation") records accounting transactions using the fund accounting method. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund has its own statement of operations which presents the results of operations for the fund. The financial position of the Nation is shown on the balance sheet which includes the assets, liabilities and equity of all funds presented in the financial statements. The various funds have been amalgamated for the purpose of presentation in the financial statements. The N'Quatqua First Nation maintains the following funds:

The Operating Fund which reports the general activities of the Nation administration.

The Capital Fund which reports the capital assets of the Nation, together with their related financing.

The Social Housing Fund which reports the social housing assets of the Nation, together with related activities.

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

#### Reporting Entity and Principles of Financial Reporting

The Nation reporting entity includes the N'Quatqua First Nation government and all related entities which are accountable to N'Quatqua First Nation and are either owned or controlled by the Nation. Business entities, which are owned or controlled by N'Quatqua First Nation and which are not dependant on the Nation for their continuing operations, are included in the summary financial statements using the modified equity method. These include:

- N'Quatqua Logging Co. Ltd.
- N'Quatqua Fisheries Inc.
- NEEDCO N'Quatqua Employment & Economic Development Corporation

#### Inventory

Inventory, which consists of convenience store products and gasoline, is recorded at the lower of cost and net realizable value. Cost is calculated on a first-in, first-out basis.

#### Revenue Recognition

Government grants and transfers, which include Federal funding agreements are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. When the eligibility criteria is not met, transfers received are reflected as deferred revenue in the year of receipt and classified as such on the Statement of Financial Position.

Rental revenue is recognized as it becomes receivable under the terms of the rental agreement. Periodic revenue is recognized on an accrual basis commencing at the beginning of the month.

---

## N'Quatqua First Nation Notes to Consolidated Financial Statements

March 31, 2018

---

### 1. Summary of Significant Accounting Policies (continued)

#### Ottawa Trust Funds

The Nation uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Fund. Trust monies are recognized in revenue of the Nation upon withdrawal from the Ottawa Trust Fund.

#### Replacement Reserve

The Replacement Reserve account is funded by an annual charge against earnings as opposed to an appropriation of surplus. Interest earnings and approved expenditures are charged against the Reserve.

#### Rents Receivable

Canada Mortgages and Housing Corporation (CMHC) does not allow or recognize bad debts recorded in the financial statements of Social Housing and will not subsidize rental arrears.

#### Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of financial activity in the year in which it is used for the specified purpose.

#### Loans

Loans issued and repaid under the fund accounting method are recorded as expenditures and revenue respectively. Loans which become uncollectible are removed from equity in the year they are first considered doubtful.

#### Investments

The Nation accounts for its equity investments for which market value is not readily available at cost.

#### Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or 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 capital assets and prepaid expenses.

---

## N'Quatqua First Nation Notes to Consolidated Financial Statements

March 31, 2018

---

### 1. Summary of Significant Accounting Policies (continued)

#### Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization and are recorded in the Capital Fund. The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations through interfund transfers and matched with the applicable revenue source in the year of expenditure. Tangible capital asset acquisitions are also recorded as an addition to assets of the Capital Fund with a corresponding increase in equity in tangible capital assets.

Amortization is recorded on a declining balance basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	4%
Fire truck	20%
Office furniture and equipment	20%
Machinery and equipment	10%
Vehicles	20%
Sawmill	10%
Logging machinery	20%
Fencing	10%

Social housing assets acquired under Canada Mortgage and Housing Corporation sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in the related long-term debt, as required for Canada Mortgage and Housing Corporation reporting purposes.

#### Impairment of Long-lived Assets

In the event that fact and circumstances indicate that the Nation's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. The Nation considers that no circumstances exist that would require such an evaluation.

#### Leased Assets

Leases entered into, that transfer substantially all of the benefits and risks associated with ownership, are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Nation, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

---

## N'Quatqua First Nation

### Notes to Consolidated Financial Statements

March 31, 2018

---

#### 1. Summary of Significant Accounting Policies (continued)

##### Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could be different from those estimates.

##### Financial Instruments

The Nation recognizes and measures financial assets and financial liabilities on the statement of financial position when it becomes a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a trade date or settlement date basis. All financial instruments are measured at fair value on initial recognition. Financial instruments are subsequently measured at amortized cost as the Nation has not entered into any derivative contracts and it does not hold any investments in equity instruments quoted on the active market. Since no financial instruments are measured at fair value after initial recognition, a statement of remeasurement gains and losses has not been presented in these financial statements.

---

#### 2. Economic Dependence

The Nation receives a significant portion of its revenue pursuant to a funding arrangement with Indigenous and Northern Affairs Canada ("INAC").

---

#### 3. Cash

	2018	2017
Operations	\$ 87,208	\$ 208,649
Social Housing	37,755	24,536
Forestry account	93,899	38,232
NEEDCO operating accounts	39,765	4,935
N'Quatqua Fisheries Inc.	7,547	21,256
N'Quatqua Logging Co. Ltd.	157	324
	<u>\$ 266,331</u>	<u>\$ 297,932</u>

---

## N'Quatqua First Nation

### Notes to Consolidated Financial Statements

**March 31, 2018**

---

#### 4. Restricted Cash

	2018	2017
Ottawa Trust Funds	\$ 576,908	\$ 563,572
Housing replacement reserve fund	104,678	24,702
Minor's Trust bank account	218,371	218,371
	<b>\$ 899,957</b>	<b>\$ 806,645</b>

The Ottawa Trust accounts 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 Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The Nation is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Nation and Nation members. The expenditures of capital funds requires the consent of Indigenous and Northern Affairs Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

The Housing restricted cash is derived under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the account is to be credited annually. These funds along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation.

Minor's Trust represents a previous settlement where Chief and Council made the decision to set aside monies to distribute to all members at that point in time. The Nation holds the remaining funds in trust for minors who have yet to turn 18. As members turn 18 the funds are paid out and the obligation is extinguished.

## N'Quatqua First Nation Notes to Consolidated Financial Statements

**March 31, 2018**

### 5. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	2018	2017
Due from Funding Agencies:		
INAC	\$ 93,977	\$ -
Province of BC	444,001	80,000
S.S.H.S.	31,724	31,724
B.C.A.A.F.C.	13,434	2,793
New Relationship Trust	1,000	4,340
BC Hydro	-	11,588
CMHC	-	222,708
First Nations Education Steering Committee Society	10,137	9,501
Interwest Timber Ltd.	-	10
St'at'imc (PC) 2011 Trust	-	-
Sto:lo Aboriginal Skills & Employment Training	103,551	42,513
Other receivables	-	-
	<b>603,847</b>	<b>405,177</b>
Due from Band Members:		
Housing, rent receivable SH 1 & 2	221,421	308,065
Housing, rents receivable, CMHC matured units	196,279	103,631
Overpayment of reimbursements	-	250
Mortgage and insurance arrears	11,574	27,089
	<b>429,274</b>	<b>439,035</b>
Band Sundry and Other Receivables	57,252	1,664
N'Quatqua Fisheries Inc.	41,776	26,500
NEEDCO	3,525	3,887
	<b>\$ 1,135,674</b>	<b>\$ 876,263</b>
Housing rent receivable, beginning	\$ 308,065	\$ 312,750
Increase in rental arrears for the year	16,998	21,758
Provision for uncollectible rents	(30,416)	(26,443)
Transfer to band on mortgage m	(73,226)	-
Housing rent receivable, ending	<b>\$ 221,421</b>	<b>\$ 308,065</b>

## N'Quatqua First Nation Notes to Consolidated Financial Statements

**March 31, 2018**

### 6. Bank Indebtedness

	2018	2017
Cheques issued in excess of funds on deposit:		
NEEDCO operating accounts	\$ -	\$ (5,551)
Nation Scotiabank line of credit	(144,943)	(106,367)
	<u>\$ (144,943)</u>	<u>\$ (111,918)</u>

The Scotiabank line of credit has a limit of \$50,000 and bears interest at 3% per annum (2017 - 3%)

### 7. Inventory

	2018	2017
Convenience store products	\$ 18,734	\$ 15,180
Fuel	18,186	18,186
	<u>\$ 36,920</u>	<u>\$ 33,366</u>

### 8. Prepaid Expenses

Nation administration - prepaid insurance and other expenses	\$ 71,901	\$ 35,181
Prepaid social assistance	15,102	13,893
Social Housing - prepaid insurance	-	10,746
N'Quatqua Fisheries Inc. - prepaid insurance	1,630	1,630
NEEDCO - prepaid insurance	4,554	4,554
	<u>\$ 93,187</u>	<u>\$ 66,004</u>

### 9. St'at'imc Trust (PC) 2011 Trust

	2018	2017
St'at'imc Trust investments	\$ 913,928	\$ 711,635
St'at'imc (PC) 2011 Trust account	338,334	342,624
	<u>\$ 1,252,262</u>	<u>\$ 1,054,259</u>



## N'Quatqua First Nation Notes to Consolidated Financial Statements

**March 31, 2018**

### 10. Accounts Payable

	<u>2018</u>	<u>2017</u>
Operating Fund		
Accounts payable and accrued liabilities	\$ 366,698	\$ 199,719
Social Housing Fund		
Accounts payable and accrued liabilities	11,295	3,056
N'Quatqua Fisheries Inc.	13,915	8,239
N'Quatqua Logging Inc.	3,750	3,750
NEEDCO	(9,720)	10,552
N'Quatqua First Nation Society	-	101
	<u>\$ 385,938</u>	<u>\$ 225,417</u>

### 11. Deferred Revenue

Deferred revenue represents amounts received that relate to a subsequent period. A breakdown of deferred revenue is as follows:

	<u>2018</u>	<u>2017</u>
<b>Operating Fund</b>		
Indigenous and Northern Affairs Canada	\$ 281,460	\$ -
Ministry of Children & Family Development	444,001	-
Other	23,008	-
	<u>748,469</u>	<u>-</u>
<b>Social Housing</b>	-	191,797
	<u>\$ 748,469</u>	<u>\$ 191,797</u>

## N'Quatqua First Nation Notes to Consolidated Financial Statements

March 31, 2018

### 12. Replacement and Operating Reserve Funds

In accordance with the terms and conditions of the Operating Agreements with CMHC, the Social Housing Program must set aside funds annually for the non-annual expenditures of the Program for the repair and replacement of certain assets.

These funds are held in a separate interest-bearing bank account or term deposit with the interest earned to be credited as revenue to the Replacement Reserve Fund. As at the Audit Report date, the following amounts have not been deposited to a separate interest-bearing account.

	2018	2017
Replacement Reserve Fund:		
Social Housing I	\$ 9,483	\$ 56,292
Social Housing II	194,100	176,545
Total amount underfunded	\$ 203,583	\$ 232,837
Operating Reserve Fund:		
Social Housing II - amount underfunded	\$ 273,978	\$ 273,978
	\$ 273,978	\$ 273,978

The replacement reserve for the social housing units that have matured has been transferred to the Band and will be used for the repair and replacement of worn out assets on the houses that are held for sale.

### 13. Mortgages and Loans

	2018	2017
<b><u>Mortgages on Social Housing Units:</u></b>		
All Nations Trust Company, loan with payment of \$564 per month including interest at 1.67% with a term of five years renewable on June 1, 2018. The loan is maturing on April 1, 2033 secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.	\$ 90,297	\$ 95,520
All Nations Trust Company, loan with payments of \$1,800 per month including annual interest at 2.11%. The loan is maturing on October 1, 2018 and secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.	12,511	33,607

## N'Quatqua First Nation Notes to Consolidated Financial Statements

**March 31, 2018**

### 13. Mortgages and Loans (continued)

All Nations Trust Company, loan with payments of \$1,431 per month including annual interest at 0.91%. The loan is maturing on April 1, 2017 and secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.

-                      1,431

All Nations Trust Company, loan with payments of \$742 per month including annual interest at 1.92% with a term of five years renewable on April 1, 2019. The loan is maturing on April 1, 2024 and secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.

**51,116                      58,965**

All Nations Trust Company, loan with payments of \$1,681 per month including annual interest at 1.14% with a term of five years renewable on June 1, 2021. The loan is maturing on May 1, 2026 and secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.

**62,698                      82,033**

All Nations Trust Company, loan with payments of \$1,118 per month including annual interest at 1.67% with a term of five years renewable on June 1, 2018. The loan is maturing on April 1, 2023 and secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.

**65,350                      77,568**

All Nations Trust Company, loan with payments of \$1,407 per month including annual interest at 1.11% with a term of five years renewable on April 1, 2021. The loan is maturing on April 1, 2026 and secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.

**130,444                      145,785**

**412,416                      494,909**

#### **Mortgages on Houses Held for Sale to Band Members:**

Bank of Montreal loan was paid out during the year including annual interest at 4.89%.

-                      9,119

**\$    412,416                      \$    504,028**

Principal payments due in each of the next five years are approximately:

2019	\$	198,708
2020		78,582
2021		35,864
2022		86,751
Thereafter		12,511
		<b>\$    412,416</b>

## N'Quatqua First Nation Notes to Consolidated Financial Statements

**March 31, 2018**

### 14. Tangible Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Automotive equipment	\$ 534,170	\$ 447,127	\$ 534,170	\$ 425,366
Buildings	3,717,987	1,824,783	2,416,882	1,193,246
Equipment	678,794	554,406	677,766	535,233
Computer equipment	229,959	206,013	229,959	199,268
Land	116,684	-	116,684	-
	<b>5,277,594</b>	<b>3,032,329</b>	3,975,461	2,353,113
Social Housing				
Buildings	2,205,736	984,614	2,974,134	1,477,590
N'Quatqua Fisheries Inc.	6,286	5,732	6,286	5,732 t
N'Quatqua Logging Co. Ltd.	308,600	307,414	308,600	307,414
NEEDCO equipment	66,403	59,627	63,267	56,493
	<b>2,587,025</b>	<b>1,357,387</b>	3,352,287	1,847,229
	<b>\$ 7,864,619</b>	<b>\$ 4,389,716</b>	<b>\$ 7,327,748</b>	<b>\$ 4,200,342</b>
Net book value		<b>\$ 3,474,903</b>		<b>\$ 3,127,406</b>

**N'Quatqua First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2018**

**14. Tangible Capital Assets** (continued)

	<b>2018</b>					
	Automotive equipment	Building and improvements	Equipment	Land	Computer Equipment	Total
Cost, beginning of year	\$ 534,170	\$ 5,391,016	\$ 1,055,919	\$ 116,684	\$ 229,959	\$ 7,327,748
Additions	-	532,707	4,164	-	-	536,871
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Cost, end of year	534,170	5,923,723	1,060,083	116,684	229,959	7,864,619
Accumulated amortization, beginning of year	425,366	2,670,836	904,872	-	199,268	4,200,342
Amortization	21,761	138,561	22,307	-	6,745	189,374
Accumulated amortization, end of year	447,127	2,809,397	927,179	-	206,013	4,389,716
Net carrying amount, end of year	\$ 87,043	\$ 3,114,326	\$ 132,904	\$ 116,684	\$ 23,946	\$ 3,474,903

**N'Quatqua First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2018**

**14. Tangible Capital Assets** (continued)

	2017					
	Automotive equipment	Building and improvements	Equipment	Land	Computer Equipment	Total
Cost, beginning of year	\$ 534,170	\$ 5,384,623	\$ 980,063	\$ 76,684	\$ 224,711	\$ 7,200,251
Additions	-	6,393	75,856	40,000	5,248	127,497
Cost, end of year	534,170	5,391,016	1,055,919	116,684	229,959	7,327,748
Accumulated amortization, beginning of year	398,164	2,523,996	888,199	-	192,104	4,002,463
Amortization	27,202	146,840	16,673	-	7,164	197,879
Accumulated amortization, end of year	425,366	2,670,836	904,872	-	199,268	4,200,342
Net carrying amount, end of year	\$ 108,804	\$ 2,720,180	\$ 151,047	\$ 116,684	\$ 30,691	\$ 3,127,406

---

**N'Quatqua First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2018**

---

**15. Accumulated Surplus**

Accumulated surplus of the Band is comprised of the following:

	<b>2018</b>	<b>2017</b>
Externally restricted - St'at'imc	<b>\$ 1,634,440</b>	\$ 1,436,437
Equity in Ottawa Trust	<b>576,908</b>	563,572
Equity in tangible capital assets	<b>2,712,465</b>	2,301,011
Replacement and operating reserves	<b>564,430</b>	582,916
Unrestricted surplus (deficit)	<b>(176,803)</b>	323,025
	<b><u>\$ 5,311,440</u></b>	<b><u>\$ 5,206,961</u></b>

---

**16. Comparative Figures**

Certain comparative figures have been reclassified to conform with the current year's presentation.

---

---

## **N'Quatqua First Nation**

### **Notes to Consolidated Financial Statements**

**March 31, 2018**

---

#### **17. Subsidy Surplus Fund and Operating Reserve Fund**

In accordance with the terms and conditions of the Operating Agreements entered into with CMHC prior to 1997, the Social Housing Program is permitted to set aside an amount up to \$500 per housing unit for the purpose of meeting future requirements of income-tested occupants over and above maximum federal assistance. The Subsidy Surplus Fund may be replenished to its original limit from subsequent operating surpluses. Any surpluses in excess of \$500 per unit are recoverable by CMHC.

In case of Operating Agreements entered into in 1997 and beyond, a Subsidy Surplus Fund is not a condition of the Agreement. Any surplus revenue will be retained by the First Nation within an Operating Reserve Fund which may only be used for the ongoing operating costs of the housing projects committed under 1997 On-Reserve Housing Program.

---

#### **18. Canada Mortgage and Housing Corporation Subsidy**

The Social Housing Program has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce mortgage interest expense to enable the project to provide housing to low-income individuals. The amount of assistance received in 2018 was \$56,940 (2017 - \$66,767).

---

#### **19. St'at'imc (PC) 2011 Trust**

The St'at'imc Authority reached a comprehensive settlement with the Province of British Columbia and BC Hydro on May 10, 2011. The Settlement Agreement provides compensation for impacts to St'at'imc lands and people in respect of past, present, and future hydro development in the St'at'imc territory; as a result, the St'at'imc (PC) 2011 Trust was established to receive settlement funds.

N'Quatqua is a beneficiary of the Trust and in accordance with the Settlement Agreement and Trust Indenture, the Nation is entitled to receive certain sums of monies from the Trust each year to be used for specific purposes as outlined in a Participating Community Resolution.

Available Trust Revenues shall consist of funding received in a fiscal year and unused funding received in previous fiscal years. Expenditures shall consist only of expenses incurred for the purposes stated in the Participating Council Resolution which shall be consistent with the purposes specified in the Indenture. The Nation is permitted to expend Trust monies on a basis consistent with the purposes specified in the Indenture.

During the year, the Nation requested \$nil (2017 - \$190,280).



---

## **N'Quatqua First Nation**

### **Notes to Consolidated Financial Statements**

**March 31, 2018**

---

#### **20. Fair Value Estimation**

The Nation's financial instruments consists of cash, accounts receivable, accounts payable and accrued liabilities, amounts due to government agencies, and mortgages and loans payable. It is management's opinion that the nation is not exposed to significant interest risk arising from these financial instruments. Exposure to credit risk is also not significant with the exception of Rents Receivable which have a higher credit risk due to the nature of the social housing program. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

---

## N'Quatqua First Nation Notes to Consolidated Financial Statements

March 31, 2018

---

### 21. Segment Disclosure

The N'Quatqua First Nation is a diversified First Nation organization that provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

#### **Administration**

This item relates to the revenues and expenses that relate to the operations of the Nation itself and cannot be directly attributed to a specific segment.

#### **Community Welfare**

This service area provides services to help the members by providing a variety of programs, community services and social assistance.

#### **Operations and Maintenance**

This service area provides services relating to the development, maintenance and service of the Nations's assets, infrastructure and common property.

#### **Education**

This service area provides educational services through elementary, secondary and post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Nation's Members.

#### **Economic Development**

This service area provides for the development of economic opportunities to the members.

#### **Health Services**

This service area provides for health-related services and programs to the members.

#### **Natural Resource Management**

This service area includes exploration of natural resources and development of natural resource revenues.

#### **Capital**

This service area provides for the development of new capital projects and infrastructure programs on the reserve.

#### **Social Housing**

This service area provides for social housing to the members.

**N'Quatqua First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2018**

**22.**

**Segment Disclosure -  
continued**

**2018**

	Administration	Operations & Maintenance	Education	Economic Development	Health Services	Capital	Social Housing	Total
<b>Revenue</b>								
INAC	\$ 204,906	\$ 636,770	\$ 261,207	\$ 18,460	\$ -	\$ 111,576	\$ -	\$ 1,232,919
Other	773,051	349,688	110,093	709,636	425,984	-	361,524	2,729,976
Total	977,957	986,458	371,300	728,096	425,984	111,576	361,524	3,962,895
<b>Expenses</b>								
Wages & benefits	298,321	171,832	162,179	143,603	101,181	-	-	877,116
Purchases	889,250	416,034	185,956	791,210	199,653	142,495	175,687	2,800,285
Amortization	103,758	-	-	3,134	-	-	82,492	189,384
Total	1,291,329	587,866	348,135	937,947	300,834	142,495	258,179	3,866,785
Surplus (deficit)	\$ (313,372)	\$ 398,592	\$ 23,165	\$ (209,851)	\$ 125,150	\$ (30,919)	\$ 103,345	\$ 96,110

**2017**

	Administration	Operations & Maintenance	Education	Economic Development	Health Services	Capital	Social Housing	Total
<b>Revenue</b>								
INAC	\$ 773,282	\$ -	\$ 281,037	\$ 133,112	\$ 198,494	\$ -	\$ 268,464	\$ 1,654,389
Other	435,860	608,856	209,547	467,643	15,432	99,175	163,765	2,000,278
Total	1,209,142	608,856	490,584	600,755	213,926	99,175	432,229	3,654,667
<b>Expenses</b>								
Wages & benefits	414,382	-	304,479	218,387	95,635	9,322	37,842	1,080,047
Purchases	755,698	608,859	197,915	156,094	144,455	8,390	249,188	2,120,599
Total	1,170,080	608,859	502,394	374,481	240,090	17,712	287,030	3,200,646
Surplus (deficit)	\$ 39,062	\$ (3)	\$ (11,810)	\$ 226,274	\$ (26,164)	\$ 81,463	\$ 145,199	\$ 454,021

---

## N'Quatqua First Nation Notes to Consolidated Financial Statements

**March 31, 2018**

---

### **23. Prior Period Adjustment**

During the year it was determined that the revenues received from the St'at'imc (PC) Trust 2011 were accounted for incorrectly. Prior year unexpended amounts were deferred as were monies withdrawn for capital purposes. The adjustments noted below correctly reflect the fact that these funds are not subject to external restriction and are monies of the N'quatqua Nation. In addition allocations from the Trust not drawn for expenditure purposes were not reflected in the audited financial statements. These monies are separately invested in the name of N'Quatqua. The adjustment below reflects the balance of the funds in N'Quatqua's name.

Itemized impact of adjustments are as follows:

- Increase in investments	\$1,054,259
- Decrease in deferred revenues	\$582,895
- Increase in internally restricted surplus	\$1,366,523
- Increase in equity in capital assets	\$232,271
- Increase in revenues	\$87,311
- Increase in purchases	\$48,951