
**SQ'EWLETS FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2018**





INDEPENDENT AUDITORS' REPORT

To the Members of:
Sq'ewlets First Nation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Sq'ewlets First Nation which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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.



INDEPENDENT AUDITORS' REPORT

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

Basis for Qualified Opinion

Beginning April 1, 2009, generally accepted accounting principles for government entities required that the First Nation record the net value of tangible capital assets in its financial statements. The First Nation has not applied these new financial statement reporting standards. Because the First Nation did not provide us with a completed tangible capital asset register reflecting the total cost of tangible capital assets owned by the First Nation and appropriate accumulated amortization and any impairment attributable to each of those assets, we were unable to determine the net value of the tangible capital assets that should have been recorded as an asset and the related amortization or impairment that should have been recorded as an expense in the current and prior year.

Manning Elliott LLP

Chartered Professional Accountants

Abbotsford, British Columbia


July 31, 2019

SQ'EWLETS FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash	\$ 384,027	\$ -
Accounts receivable (Note 2)	107,910	419,693
Rents receivable (Note 2)	61,800	21,700
Due from Squawkum Creek Construction (Note 3)	81,864	-
Trust funds (Note 4)	102,127	102,031
	\$ 737,728	\$ 543,424
FINANCIAL LIABILITIES		
Restricted cash overdrawn	\$ 12,241	\$ -
Bank indebtedness (Note 5)	-	64,565
Accounts payable and accrued liabilities	380,990	239,716
Deferred revenue (Note 6)	558,856	494,575
Long-term debt (Note 7)	1,098,757	323,307
Due to Squawkum Creek Construction	-	157,801
	2,050,844	1,279,964
NET FINANCIAL ASSETS	(1,313,116)	(736,540)
NET ASSETS		
Property, plant and equipment (Note 8)	6,190,746	5,438,410
Prepaid expenses and deposits	21,202	14,241
	6,211,948	5,452,651
NET ASSETS	\$ 4,898,832	\$ 4,716,111

Approved on behalf of the Council:

 Chief
 _____ Councilor

 Councilor
 _____ Councilor



SQ'EWLETS FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2018

	2018	Budget	2017
REVENUE			
Federal Government			
Indigenous and Northern Affairs Canada	\$ 1,523,926	\$ -	\$ 725,800
Miscellaneous	107,881	-	249,418
Province of British Columbia	143,279	-	109,103
Social Housing Fund	217,033	-	119,153
Seabird Island First Nation	90,679	-	84,679
Trust Fund - Interest	2,842	-	1,917
Campground revenues	74,400	-	56,829
	2,160,040	-	1,346,899
EXPENSES (Note 14)			
Band Programs	989,665	-	576,877
Education Expenses	41,853	-	96,807
Social Development	240,234	-	266,443
Community Services	259,021	-	235,775
Economic Development	207,441	-	245,040
Social Housing Fund	202,578	-	253,674
Capital Fund	36,527	-	34,267
	1,977,319	-	1,708,883
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	182,721	-	(361,984)
NET ASSETS, BEGINNING OF YEAR	4,716,111	4,716,111	5,078,095
NET ASSETS, END OF YEAR	\$ 4,898,832	\$ 4,716,111	\$ 4,716,111



SQ'EWLETS FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 182,721	\$ (361,984)
Purchase of tangible capital assets	(788,863)	(288,218)
Amortization	36,527	34,267
	(752,336)	(253,951)
Acquisition of prepaid expenses and deposits	(21,202)	(14,241)
Use of prepaid expenses and deposits	14,241	18,794
	(6,961)	4,553
CHANGES IN NET FINANCIAL ASSETS	(576,576)	(611,382)
BALANCE, BEGINNING OF YEAR	(736,540)	(125,158)
BALANCE, END OF YEAR	\$ (1,313,116)	\$ (736,540)



SQ'EWLETS FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 182,721	\$ (361,984)
Items not involving cash:		
Amortization of tangible capital assets	36,527	34,267
Bad debts	15,600	123,600
	234,848	(204,117)
Change in non-cash working capital items:		
Accounts receivable	256,082	(393,408)
Prepaid expenses and deposits	(6,961)	4,554
Accounts payable and accrued liabilities	141,275	146,992
Deferred revenue	64,281	398,968
	689,525	(47,011)
CAPITAL AND INVESTING TRANSACTIONS		
Purchase of tangible capital assets	(788,863)	(288,217)
OTHER NON-FINANCIAL ASSETS		
Proceeds from long-term debt	835,372	59,150
Repayment of debt	(59,922)	(58,600)
Advances from related party	(239,665)	157,801
INCREASE (DECREASE)		
IN CASH AND EQUIVALENTS DURING THE YEAR	436,447	(176,877)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	37,466	214,343
CASH AND EQUIVALENTS, END OF YEAR	\$ 473,913	\$ 37,466
Cash and equivalents consist of cash on hand and balances held in trust. Cash and equivalents included in the cash flow statement comprise the following balance sheet accounts:		
Cash	\$ 384,027	\$ -
Restricted cash overdrawn	(12,241)	-
Trust funds	102,127	102,031
Bank indebtedness	-	(64,565)
	\$ 473,913	\$ 37,466



SQ'EWLETS FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the First Nation are as follows:

a) Reporting entity and principles of financial reporting

The Sq'ewlets First Nation reporting entity includes the Sq'ewlets First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. The First Nation is the owner of Squawkum Creek Construction, for which financial statements are not available.

These consolidated financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation.

- Sq'ewlets First Nation Operating Fund
- Sq'ewlets First Nation Social Housing Fund
- Sq'ewlets First Nation Capital Fund
- Sq'ewlets First Nation Trust Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specified fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

b) Fund Accounting

The Sq'ewlets First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the Consolidated Financial Statements. Details of the operations of each fund are set out in the supplementary schedules. The Sq'ewlets First Nation maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation Administration.
- The Capital Fund which reports the tangible capital assets of the First Nation, together with their related financing.
- The Social Housing Fund which reports the social housing assets of the First Nation, together with related activities.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties.



SQ'EWLETS FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Tangible capital assets and depreciation

Tangible capital assets incurred after March 31, 1993 are valued at acquisition cost and recorded in the Capital Fund. Expenditures incurred previous to April 1, 1993 are not reflected 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 and matched with the applicable revenue source in the year of expenditure. These expenditures are also recorded as an addition to assets of the Capital Fund with a corresponding increase in Equity and Tangible Capital Assets.

Tangible capital assets acquired as part of the Social Housing Fund are recorded as assets of those funds.

Tangible capital assets are recorded and depreciated annually with a corresponding reduction in Equity in Tangible Capital Assets. Assets are depreciated over their expected useful life using the following rates:

Automobiles	30%	declining balance basis
Buildings	25 years	straight-line method
Computer equipment	45%	declining balance basis
Equipment	20%	declining balance basis
Fish plant - building	10%	declining balance basis
Fish plant - equipment	30%	declining balance basis

Social Housing assets acquired under Canada Mortgage and Housing Corporation sponsored housing programs are being depreciated in an amount equal to the principal reduction of the mortgages. Assets under construction are not being amortized.

d) Revenue recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Statement of Financial Position.



SQ'EWLETS FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

2. ACCOUNTS RECEIVABLE

	2018	2017
Accounts receivable consists of the following:		
Due from members:		
Rent - Non-profit housing	\$ 61,800	\$ 21,700
Total due from members:	61,800	21,700
Due from others:		
Government of Canada	83,120	347,180
Others	24,790	72,513
Total due from others:	107,910	419,693
Total accounts receivable	\$ 169,710	\$ 441,393

3. DUE FROM SQUAWKUM CREEK CONSTRUCTION

Advances from Squawkum Creek Construction, a wholly owned subsidiary, are unsecured, without interest, and have no fixed terms of repayment.

4. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	2018	2017
Revenue	\$ 1,157	\$ 1,061
Capital	100,970	100,970
Total	\$ 102,127	\$ 102,031

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 of the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

5. BANK INDEBTEDNESS

The First Nation has a line of credit with the Royal Bank of Canada to a maximum of \$30,000 and accrues interest at a rate of 5.30%. As at March 31, 2018, the unused balance was \$30,000 (2017 - \$5,009).



SQ'EWLETS FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

6. DEFERRED REVENUE

	2018	2017
00/01 CPMS #4588 (Sewer)	\$ 95,457	\$ 95,457
06/07 CPMS #8358	150	150
NTND-001 ICMS #9-00126047	432,363	148,000
NTKB-001 ICMS #9-0012627	-	121,598
NTLE- ICMS #9-00126292	-	100,000
NG1E-001 P&ID	18,286	-
Other deferred revenue	12,600	29,370
	\$ 558,856	\$ 494,575



SQ'EWLETS FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

7. LONG-TERM DEBT

	2018	2017
All Nations Trust Company, payment of \$1,289 per month including interest at 1.83% per annum, maturing August 1, 2024, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.	\$ 93,626	\$ 107,257
All Nations Trust Company, payment of \$1,340 per month including interest at 1.05% per annum, maturing February 1, 2025, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.	107,128	121,998
Royal Bank of Canada demand loan, payment of \$2,870 per month including interest at 3.97% per annum.	7,343	32,969
Sto:lo Community Futures, blended payments of \$1,100 per month from April to October, interest only payments from November to March. Interest is charged at 6% per annum calculated semi-annually. Maturing December 16, 2021, secured by a General Security Agreement over the assets of the campground.	55,288	61,083
All Nations Trust Company, payment of \$21,412 per month including interest at 1.98% per annum, maturing November 1, 2043, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.	835,372	-
Total long-term debt	\$ 1,098,757	\$ 323,307

As collateral for the long-term debt to the Royal Bank of Canada, the First Nation has provided the following:

- a) General security agreement on the Bank's form 924 signed by the borrower constituting a first ranking security interest in all assets of the borrower except real property.
- b) Band Council Resolution authorizing entrance to reserve land.
- c) Assignment of funds from Ministry of Forests Agreement of September 2005 directing funds to the Bank signed by Ministry of Forest BC and First Nation Council.

As At March 31, 2018, the First Nation had not received all of the advances from the All Nations Trust Company.

Anticipated annual principal repayments over the next five years and thereafter are as follows:

2019	\$ 149,164
2020	292,325
2021	292,961
2022	281,696
2023 and thereafter	82,611
	\$ 1,098,757



SQ'EWLETS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

8. PROPERTY, PLANT AND EQUIPMENT

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	2018 Net book value
Automobiles	\$ 52,894	\$ -	\$ -	\$ 35,758	\$ 17,136
Buildings	340,372	-	-	267,241	73,131
Community infrastructure	2,993,093	-	-	-	2,993,093
Computer equipment	6,139	-	-	6,139	-
General equipment	218,703	-	-	176,993	41,710
Fish plant - equipment	380,479	-	-	348,474	32,005
Fish plant - building	368,186	-	-	299,129	69,057
Multipurpose building	1,213,270	-	-	-	1,213,270
Social housing	730,354	-	-	-	730,354
Assets under construction	232,127	788,863	-	-	1,020,990
	\$ 6,535,617	\$ 788,863	\$ -	\$ 1,133,734	\$ 6,190,746

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	2017 Net book value
Automobiles	\$ 35,894	\$ 17,000	\$ -	\$ 31,474	\$ 21,420
Buildings	340,372	-	-	253,626	86,746
Community infrastructure	2,993,093	-	-	-	2,993,093
Computer equipment	6,139	-	-	6,139	-
General equipment	179,612	39,091	-	166,565	52,138
Fish plant - equipment	380,479	-	-	347,946	32,533
Fish plant - building	368,186	-	-	291,456	76,730
Multipurpose building	1,213,270	-	-	-	1,213,270
Social housing	730,354	-	-	-	730,354
Assets under construction	-	232,126	-	-	232,126
	\$ 6,247,399	\$ 288,217	\$ -	\$ 1,097,206	\$ 5,438,410

SQ'EWLETS FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

9. NET ASSETS

	2018	2017
Social Housing Fund	\$ 346,337	\$ 345,151
Trust Fund	102,127	102,031
Operating Fund	52,218	(124,949)
Capital Fund	4,398,150	4,393,878
	<u>\$ 4,898,832</u>	<u>\$ 4,716,111</u>

10. REPLACEMENT RESERVE FUND

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage and 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.

As at the March 31, 2018, the fund is underfunded by \$152,668 (2017 - \$144,668).

11. OPERATING RESERVE FUND

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage and 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. Accordingly, future years' deficits may be recovered from the Fund. These funds are to be held in a separate bank account with any interest earned to be credited as revenue to the Operating Reserve Fund.

As at March 31, 2018, the fund is overfunded by \$8,706 (2017 - underfunded \$149,613).

12. MINISTERIAL GUARANTEES

A Government of Canada Ministerial Guarantee has been obtained for the following loan. If this loan defaults, the Minister may recover the outstanding amounts from the Sq'ewlets First Nation.

First Nation Member	\$ 75,634
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SQ'EWLETS FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

13. SEGMENTED INFORMATION

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

First Nation services are provided for departments and their activities are reported in these funds. Certain departments have been separately disclosed in the segmented information.



SQ'EWLETS FIRST NATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

13. SEGMENTED INFORMATION (Continued)

REVENUE	Band Programs	Education	Health	Economic Dev.	Community Services	Social Services	Other	Social Housing	2018	2017
Indigenous Service Canada	147,842	107,626	-	11,883	89,530	197,370	969,675	-	1,523,926	725,800
Campground	-	-	-	-	-	-	74,400	-	74,400	56,287
Trust Fund - Tamilhi Logging Co. Ltd	-	-	-	-	-	-	-	-	-	601
Capital Fund	-	-	-	-	-	-	-	-	-	-
Miscellaneous	74,954	-	-	-	-	-	32,926	-	107,881	247,974
Logging	-	-	-	-	-	-	-	-	-	-
Trust Fund - Interest	-	-	-	-	-	-	2,842	-	2,842	1,917
Province of British Columbia	143,279	-	-	-	-	-	-	-	143,279	109,103
Appropriations from the Operating Fund	-	-	-	-	-	-	-	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	168,248	168,248	83,938
Rental - Social Housing	-	-	-	-	-	-	-	48,785	48,785	36,600
Seabird Island First Nation	-	-	90,679	-	-	-	-	-	90,679	84,679
	366,075	107,626	90,679	11,883	89,530	197,370	1,079,843	217,033	2,160,040	1,346,899
EXPENSES										
Depreciation	-	-	-	-	-	-	36,527	-	36,527	34,267
Other	326,393	41,853	30,651	7,676	104,694	206,495	491,392	156,852	1,366,005	1,174,954
Salaries and benefits	79,048	-	39,187	53,276	53,138	41,066	263,346	45,726	574,787	499,662
	405,441	41,853	69,838	60,951	157,832	247,561	791,265	202,578	1,977,319	1,708,883
Excess of revenues over expenses (expenses over revenues)	(39,365)	65,773	20,841	(49,068)	(68,302)	(50,191)	288,578	14,455	182,721	(361,984)

SQ'EWLETS FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

14. EXPENSES BY OBJECT

	2018	Budget	2017
EXPENSES			
Administration	\$ 12,722	\$ -	\$ 10,614
Advertising	28,093	-	10,733
Amortization	36,527	-	34,267
Bad debts	15,600	-	123,600
Community development	13,337	-	49,954
Consulting fees	74,998	-	-
Contracted services	68,016	-	52,766
Election expense	-	-	2,940
Honoraria	26,775	-	26,250
Income assistance	130,837	-	106,283
Insurance	74,349	-	55,881
Interest and bank charges	15,827	-	9,293
Loan interest	6,316	-	6,629
Management fees	97,748	-	-
Meeting expenses	10,683	-	4,248
Office stationary and supplies	196,928	-	106,228
Other	18,639	-	19,949
Repairs and maintenance	197,236	-	149,699
Rent	14,099	-	-
Professional fees	238,373	-	180,405
AANDC repayments	-	-	72,650
Telephone	26,382	-	17,475
Training and education	41,853	-	93,187
Travel	24,886	-	26,567
Wages and benefits	574,786	-	499,332
Woodlot expenses	-	-	1,357
Workshops	32,309	-	48,576
	\$ 1,977,319	\$ -	\$ 1,708,883

