

**Kwadacha Nation**  
**Consolidated Financial Statements**  
*March 31, 2020*

# Kwadacha Nation Contents

For the year ended March 31, 2020

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## **Management's Responsibility**

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To the Members of Kwadacha Nation:

The accompanying consolidated financial statements of Kwadacha Nation are the responsibility of management and have been approved by Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with both the Council and management to discuss their audit findings.

August 26, 2020

 **E-SIGNED by Rick Turgeon**

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Executive Director

# Independent Auditor's Report

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To the Members of Kwadacha Nation:

## Opinion

We have audited the consolidated financial statements of Kwadacha Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated operating surplus, remeasurement gains and losses, changes in net financial assets (net debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and related schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2020, and the results of its consolidated operations, its consolidated remeasurement gains and losses and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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 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.

In preparing the consolidated financial statements, management is responsible for assessing the 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 cease operations, or has no realistic alternative but to do so.

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

## Auditor's 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 auditor's 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 consolidated 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 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 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 auditor's 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 auditor's report. However, future events or conditions may cause the 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 Nation 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.

Prince George, British Columbia

August 26, 2020

**MNP LLP**

Chartered Professional Accountants

**MNP**  
LLP

**Kwadacha Nation**  
**Consolidated Statement of Financial Position**  
As at March 31, 2020

	2020	2019
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	4,479,713	3,182,521
Trade and other receivables (Note 4)	1,009,830	772,373
Portfolio investments (Note 5)	92,592	92,482
Restricted cash and reserves (Note 6)	4,762,924	7,459,987
Advances to Nation entities (Note 7)	274,542	212,186
Inventories (Note 8)	320,025	401,430
Investment in Nation partnerships and business entities (Note 9)	2,160,949	2,294,262
Funds held in trust (Note 10)	132,187	127,431
<b>Total financial assets</b>	<b>13,232,762</b>	14,542,672
<b>Liabilities</b>		
Accounts payable and accruals	2,819,939	2,640,068
Deferred revenue (Note 11)	933,862	98,679
Debt (Note 12)	4,233,172	4,663,113
Promissory note payable (Note 13)	2,362,726	1,950,364
Advances from related Nation entities (Note 14)	4,613,593	4,034,631
<b>Total financial liabilities</b>	<b>14,963,292</b>	13,386,855
<b>Net financial assets (net debt)</b>	<b>(1,730,530)</b>	1,155,817
<b>Contingent liabilities (Note 15)</b>		
<b>Subsequent events (Note 16)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	46,832,452	41,369,162
Prepaid expenses	72,360	48,018
<b>Total non-financial assets</b>	<b>46,904,812</b>	41,417,180
<b>Accumulated surplus (Note 17)</b>	<b>45,174,282</b>	42,572,997
<b>Accumulated surplus is comprised of:</b>		
Accumulated surplus	47,366,177	41,312,262
Accumulated remeasurement gains (losses)	(2,191,895)	1,260,735
	<b>45,174,282</b>	42,572,997

**Approved on behalf of Chief and Council:**

E-SIGNED by Donny Van Somer

Chief

E-SIGNED by Bradley Seymour

Councilor

E-SIGNED by Mason Abou

Councilor

**Kwadacha Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2020*

	<i>Schedules</i>	<i>2020 Budget (Note 21)</i>	<i>2020</i>	<i>2019</i>
<b>Revenue</b>				
Indigenous Services Canada (Note 20)		<b>5,073,732</b>	<b>11,130,886</b>	9,809,095
Other revenue		2,392,299	3,119,280	1,895,138
Kwadacha Community Store		2,536,000	2,958,341	2,911,657
Interest and investment income (loss)		1,547,700	2,559,139	(557,830)
BC Hydro Trust Funds Contribution		-	2,115,066	1,918,842
First Nations Health Authority		1,437,961	1,791,107	1,768,439
Province of British Columbia		380,988	1,158,624	1,143,708
Rental income		777,000	824,627	624,325
Earnings from investment in Nation partnerships and business entities (Note 9)		-	143,495	270,437
Government of Canada		151,306	101,929	235,446
Band members Trust		-	17,834	31,759
Loss on disposal of tangible capital assets		-	(6,217)	(38,973)
		<b>14,296,986</b>	<b>25,914,111</b>	20,012,043
<b>Program expenses (Schedule 2)</b>				
Administration	3	1,520,945	1,437,672	1,247,259
Education and Training	4	3,154,592	3,562,178	3,192,170
Income Assistance	5	555,270	722,090	695,849
Operations and Maintenance	6	1,296,781	1,420,939	1,230,715
Capital	7	7,221,493	2,228,624	2,077,639
Own Source	8	5,305,069	6,847,364	6,033,385
Health and Wellness	9	2,117,439	2,353,893	2,494,534
Settlement Negotiations	10	1,079,046	1,272,496	1,121,276
Band Member Trust	11	-	14,940	21,591
		<b>22,250,635</b>	<b>19,860,196</b>	18,114,418
<b>Annual surplus</b>		<b>(7,953,649)</b>	<b>6,053,915</b>	1,897,625
<b>Accumulated surplus, beginning of year</b>		<b>-</b>	<b>41,312,262</b>	39,414,637
<b>Accumulated surplus, end of year</b>		<b>-</b>	<b>47,366,177</b>	41,312,262

**Kwadacha Nation**  
**Consolidated Statement of Remeasurement Gains and Losses**  
*For the year ended March 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Accumulated remeasurement gains (losses), beginning of year</b>	<b>1,260,735</b>	(386,303)
<b>Unrealized gains (losses) attributable to:</b>		
Fair value of financial instruments in restricted cash and reserves	(3,452,630)	1,647,038
<b>Accumulated remeasurement gains (losses), end of year</b>	<b>(2,191,895)</b>	1,260,735

**Kwadacha Nation**  
**Consolidated Statement of Changes in Net Financial Assets (Net Debt)**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 21)</b>	<b>2020</b>	<b>2019</b>
<b>Annual surplus</b>	<b>(2,924,851)</b>	<b>6,053,915</b>	<b>1,897,625</b>
Purchases of tangible capital assets	-	(7,902,780)	(3,825,980)
Amortization of tangible capital assets	1,135,000	2,046,214	2,011,680
Loss on disposal of tangible capital assets	-	6,217	38,973
Proceeds on disposal of tangible capital assets	-	387,059	30,003
Acquisition of prepaid expenses	-	(24,342)	(10,140)
Change in remeasurement gains (losses) for the year	-	(3,452,630)	1,647,038
<b>Increase (decrease) in net financial assets</b>	<b>(1,789,851)</b>	<b>(2,886,347)</b>	<b>1,789,199</b>
<b>Net financial assets (debt), beginning of year</b>	<b>(633,382)</b>	<b>1,155,817</b>	<b>(633,382)</b>
<b>Net financial assets (debt), end of year</b>	<b>(2,423,233)</b>	<b>(1,730,530)</b>	<b>1,155,817</b>

**Kwadacha Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	6,053,915	1,897,625
Non-cash items		
Amortization	2,046,214	2,011,680
Loss on disposal of tangible capital assets	6,217	38,973
Change in remeasurement gains (losses) for the year	(3,452,630)	1,647,038
Bad debt	162,679	-
	<b>4,816,395</b>	5,595,316
Changes in working capital accounts		
Trade and other receivables	(237,457)	1,121,824
Inventory	81,405	(132,700)
Prepaid expenses	(24,342)	(10,140)
Restricted cash and reserves	2,697,063	(1,379,455)
Funds held in trust	(4,756)	(2,723)
Mortgage Receivable	-	116,048
Accounts payable and accruals	179,871	654,925
Deferred revenue	835,183	(84,086)
Portfolio investment	(110)	-
	<b>8,343,252</b>	5,879,009
<b>Financing activities</b>		
Repayment of debt	(429,941)	(512,537)
Net advances from related Nation entities	353,927	215,974
Advances of promissory note	500,000	-
Repayment of promissory note	(87,638)	(77,168)
	<b>336,348</b>	(373,731)
<b>Capital activities</b>		
Purchases of tangible capital assets	(7,902,780)	(3,825,980)
Proceeds on disposal of tangible capital assets	387,059	30,003
	<b>(7,515,721)</b>	(3,795,977)
<b>Investing activities</b>		
Net investment in Nation partnerships and business entities	133,313	(324,353)
<b>Increase in cash and cash equivalents</b>	<b>1,297,192</b>	1,384,948
<b>Cash and cash equivalents, beginning of year</b>	<b>3,182,521</b>	1,797,573
<b>Cash and cash equivalents, end of year</b>	<b>4,479,713</b>	3,182,521

**Kwadacha Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**1. Operations**

The Kwadacha Nation (the "Nation") is located in the province of British Columbia, and provides various services to its members. Kwadacha Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

**2. Significant accounting policies**

The consolidated financial statements of Kwadacha Nation (the "Nation") are the representations of management, and are prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of CPA Canada and are consistent with accounting policies set out by Indigenous Services Canada ("ISC"). Significant aspects of the accounting policies adopted by the Nation are as follows:

***Reporting entity***

The financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity, except for Nation business entities. Trusts administered on behalf of third parties by Kwadacha Nation are excluded from the Nation reporting entity.

The Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- 0936269 B.C. Ltd.
- Kwadacha Settlement Negotiations Agreement
- CMHC program
- Kwadacha Community Store
- Kwadacha Land Corp.
- Kwadacha Community Restaurant

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Kwadacha Nation business entities, owned or controlled by the Nation's Chief and Council but not dependent on the Band for their continuing operations, are included in the consolidated financial statements using the modified equity method. Nation business partnerships, jointly owned and controlled by the Nation's Chief and Council that are not dependent on the Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method.

Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received.

Government business entities accounted for by the modified equity basis include:

- Kwadacha Natural Resources GP Ltd. (100%)
- Obo Forest Management GP Ltd. (100%)

Government business partnerships accounted for by the modified equity basis include:

- Kwadacha Natural Resources Limited Partnership (99.99%)
- Tse Keh Nay Limited Liability Partnership (33.33%)
- Claw Mountain Outfitters LLP (50%)
- Three Feathers Limited Partnership (33.33%)
- KNGV Freight Services Joint Venture (50%)

**Kwadacha Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**2. Significant accounting policies** *(Continued from previous page)*

Entities which are not controlled or jointly controlled are accounted for at cost. These include:

- Chee Ventures Ltd. (30.76%)
- Kaska ITA Land Corporation (33.33%)
- Kaska Oil & Gas Services Limited Partnership (20%)
- Kaska Energy Corporation (20%)
- Kaska Drilling Limited Partnership (20%)
- Three Feathers GP Ltd. (33.33%)
- British Columbia First Nations Gaming Revenue Sharing Limited Partnership
- British Columbia First Nations Gaming Revenue Sharing General Partnership Ltd.

***Basis of presentation***

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

***Funds held in Ottawa Trust Fund***

Funds held in trust on behalf of Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

***Net financial assets (debt)***

The Nation's consolidated financial statements are presented so as to highlight net financial assets (debt) as the measurement of financial position. The financial net assets (debt) of the Nation is determined by its financial assets less its liabilities. Net financial assets (debt) combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

***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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

***Cash and cash equivalents***

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

***Inventory***

Inventory is recorded at the lower of cost or net realizable value. Cost for retail inventory is valued using the FIFO method; cost for gravel is valued using the weighted average cost method.

**Kwadacha Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**2. Significant accounting policies** *(Continued from previous page)*

***Tangible capital assets***

Capital expenditures are any significant expenditure incurred to acquire or improve land, buildings, engineering structures, machinery or equipment. The benefits last beyond one year and result in the acquisition of an asset or are an extension of the life of an asset. Tangible capital assets are initially recorded at cost less accumulated amortization. Contributed tangible assets are recorded at their fair value at the date of contribution.

Assets under construction are not amortized until the asset is available for productive use.

All intangible assets and items inherited by the right of the Nation, such as reserve lands, forests, water resources and mineral resources, are not recognized in the Nation's consolidated financial statements.

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices.

***Amortization***

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<b><i>Method</i></b>	<b><i>Rate</i></b>
Buildings	declining balance	4 %
Computers	declining balance	30 %
Automotive	declining balance	30 %
Housing	declining balance	4 %
Equipment	declining balance	20 %
Infrastructure	declining balance	4 %
Renovations	straight-line	10 years

**Kwadacha Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**2. Significant accounting policies** *(Continued from previous page)*

***Revenue recognition***

*i) Government Transfers*

The Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

*ii) Nation Capital and Revenue Trust Funds*

The Nation recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

*iii) Investment Income*

Investment income is recognized by the Nation when the investment income is earned.

*iv) Other Revenue*

Revenue earned from the sale of fuel, tobacco and confectionary items is recognized when the goods are delivered to the customer, persuasive evidence of an arrangement exists, and collection is reasonably assured.

Interest income, rental income, and other revenue are recognized when earned and/or when the service is provided and collection is reasonably assured.

***Measurement uncertainty (use of estimates)***

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are based on the best information available regarding potentially contaminated sites that the Nation is responsible for.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

***Segments***

The Nation conducts its business through a number of reportable segments as described in Note 22. These operating segments are established by senior management to facilitate the achievement of the Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

**Kwadacha Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**2. Significant accounting policies** *(Continued from previous page)*

***Liability for contaminated site***

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2020.

At each financial reporting date, the Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2020, no liability for contaminated sites exists.

***Financial instruments***

The Nation recognizes its financial instruments when the Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

The Nation has designated endowment and trustee funds to be subsequently measured at their fair value. Fair value is determined by quoted prices in active markets.

The Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the consolidated statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the consolidated statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the consolidated statement of remeasurement gains and losses.

**3. Cash and cash equivalents**

Included in the cash and cash equivalents is restricted funds of \$587,659 provided by BC First Nations Gaming Revenue Sharing Limited Partnership. Under the terms of agreement, the funds must be expended on or held for the purpose of the following areas:

- Health and wellness;
- Infrastructure, safety, transportation and housing;
- Economic and business development;
- Education, language, culture and training;
- Community development and environmental protection;
- Capacity building, fiscal management and governance.

**Kwadacha Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**4. Trade and other receivables**

	<b>2020</b>	<b>2019</b>
Accounts receivable	<b>524,697</b>	307,839
Government receivables	<b>240,269</b>	230,874
Member rent receivable	<b>279,652</b>	252,799
Allowance for member rent receivable	<b>(279,652)</b>	(252,799)
Other receivables	<b>158,489</b>	174,157
Employee advances and member loan receivables	<b>76,696</b>	43,168
GST receivable	<b>9,679</b>	16,335
	<b>1,009,830</b>	772,373

**5. Portfolio investments**

	<b>2020</b>	<b>2019</b>
Measured at cost:		
Chee Ventures Ltd.	<b>67,457</b>	67,457
Kaska Energy Corp.	<b>25,000</b>	25,000
Three Feathers GP Ltd.	<b>25</b>	25
BC First Nations Gaming Revenue Sharing LP	<b>100</b>	-
BC First Nations Gaming Revenue Sharing GP Ltd.	<b>10</b>	-
	<b>92,592</b>	92,482

**6. Restricted cash and reserves**

	<b>2020</b>	<b>2019</b>
<b>Reserves</b>		
Replacement Reserve - CMHC	-	41,161
Capital Reserve	<b>707,551</b>	639,892
Debt Reserve - First Nations Finance Authority	<b>138,417</b>	108,591
Secured Revenues Trust Account - First Nations Finance Authority	<b>66,361</b>	232,390
Minister of Finance Security Deposit	<b>2,500</b>	2,500
	<b>914,829</b>	1,024,534
<b>Victoria Foundation</b>		
Endowment Fund	<b>3,068,116</b>	4,576,749
Trustee Payments	<b>779,979</b>	1,858,704
	<b>3,848,095</b>	6,435,453
	<b>4,762,924</b>	7,459,987

**Kwadacha Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**6. Restricted cash and reserves** *(Continued from previous page)*

**Capital Asset Reserve**

The Capital Asset Reserve consists of internally restricted funds designated for the future acquisition of tangible capital assets in accordance with the Nation's capital plan.

**Debt Reserve**

Under the terms of a Borrowing Agreement with First Nation Finance Authority, five percent of the loan amount is withheld in the event that FNFA lacks sufficient funds to meet its obligations due to default in payment by the Nation. Upon extinguishment of the loan, the Debt Reserve, \$102,650 plus daily interest at 0.85%, will be repaid to the Nation.

**Secured Revenues Trust Account**

Under the terms of a Secured Revenues Trust Account Management Agreement with First Nations Finance Authority, a minimum debt service coverage ratio must be maintained with interest calculated monthly at 0.7%. Scheduled principal and interest payments are withdrawn in accordance with the Borrowing Agreement.

**Victoria Foundation**

Trust funds held on behalf of the Nation in an Endowment Fund created under the Endowment Fund Public Deed of Trust and a Payment Trustee Agreement between Kwadacha Nation, the Victoria Foundation and British Columbia Power Authority dated November 28, 2009. The initial capital contribution is disclosed in Note 16.

**7. Advances to related Nation entities**

Amounts due from Nation entities are unsecured, non-interest bearing with no specific terms of repayment.

	2020	2019
Due from KNGV Freight Services Joint Venture	<b>274,542</b>	212,186

**8. Inventories**

	2020	2019
Retail	258,380	310,529
Jet fuel	53,409	82,665
Gravel	8,236	8,236
	<b>320,025</b>	401,430

**Kwadacha Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**9. Investments in Nation partnerships and business entities**

The Nation has investments in the following entities:

	<i>2020</i>			
	<i>Balance, beginning of year</i>	<i>Loans / advances</i>	<i>Share of earnings (loss)</i>	<i>Total investment</i>
<b>Wholly-owned Businesses:</b>				
Kwadacha Natural Resources GP Ltd.	(13,401)	-	-	(13,401)
Obo Forest Management GP Ltd.	(10,097)	-	-	(10,097)
	<b>(23,498)</b>	-	-	<b>(23,498)</b>
<b>First Nation Business Partnerships – Modified Equity:</b>				
Kwadacha Natural Resources LP - 99.99%	1,475,772	393,610	(298,172)	1,571,210
Three Feathers LP - 33.33%	255,670	(300,000)	331,529	287,199
Claw Mountain LP - 50%	411,510	-	(61,792)	349,718
Tse Keh Nay LLP - 33.33%	263,365	(370,418)	195,407	88,354
KNGV Freight Services - 50%	(88,557)	-	(23,477)	(112,034)
	<b>2,317,760</b>	<b>(276,808)</b>	<b>143,495</b>	<b>2,184,447</b>
	<b>2,294,262</b>	<b>(276,808)</b>	<b>143,495</b>	<b>2,160,949</b>
	<i>2019</i>			
	<i>Balance, beginning of year</i>	<i>Loans / advances</i>	<i>Share of earnings (loss)</i>	<i>Total investment</i>
<b>Wholly-owned Businesses:</b>				
Kwadacha Natural Resources GP Ltd.	(11,736)	-	(1,665)	(13,401)
Obo Forest Management GP Ltd.	(7,923)	-	(2,174)	(10,097)
	<b>(19,659)</b>	-	<b>(3,839)</b>	<b>(23,498)</b>
<b>First Nation Business Partnerships – Modified Equity:</b>				
Kwadacha Natural Resources LP - 99.99%	1,501,886	53,916	(80,030)	1,475,772
Three Feathers LP - 33.33%	94,443	-	161,227	255,670
Claw Mountain LP - 50%	361,123	-	50,387	411,510
Tse Keh Nay LLP - 33.33%	32,116	-	231,249	263,365
KNGV Freight Services - 50%	-	-	(88,557)	(88,557)
	<b>1,989,568</b>	<b>53,916</b>	<b>274,276</b>	<b>2,317,760</b>
	<b>1,969,909</b>	<b>53,916</b>	<b>270,437</b>	<b>2,294,262</b>

**Kwadacha Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**9. Investments in Nation partnerships and business entities** *(Continued from previous page)*

Summary financial information for each Nation business entity, accounted for using the modified equity method, for their respective year-ends is provided below.

The Nation's investees have a different year-end than March 31, 2020, as described below. The Nation uses the investees' year-end financial statements to account for its investment in these investees. For most investments, there have been no significant events or transactions in the interim period.

For Kwadacha Natural Resources LP, losses of \$298,172 were incurred between April 1, 2019 and March 31, 2020.

All entities listed are unaudited.

As at the audit report date, financial statements were unavailable for Kwadacha Natural Resources GP Ltd, and Obo Forest Management GP Ltd., and as such financial information for these entities has not been included in the summary below.

	<b>Three Feathers LP</b> <b>As at March 31, 2020 (unaudited)</b>	<b>Tse Keh Nay LLP</b> <b>As at March 31, 2020 (unaudited)</b>	<b>Claw Mountain Outfitters LLP</b> <b>As at December 31, 2019 (unaudited)</b>	<b>Kwadacha Natural Resources LP</b> <b>As at April 30, 2019 (unaudited)</b>
<b>Assets</b>				
Cash	1,119,023	165,650	39,018	-
Accounts receivable	571,534	127,385	8,150	387,669
Prepaid expenses	13,200	-	-	1,802
Due from related party	1,650	-	-	14,648
Investments	-	-	-	2,667,375
Property, plant, equipment	-	-	85,294	862,835
Intangibles	-	-	547,660	-
Inventories	-	-	7,300	-
Other current assets	-	-	15,473	-
<b>Total assets</b>	<b>1,705,407</b>	<b>293,035</b>	<b>702,895</b>	<b>3,934,329</b>
<b>Liabilities</b>				
Accounts payable and accruals	64,735	27,976	3,457	532,336
Bank indebtedness	-	-	-	5,428
Current portion long term debt	-	-	-	98,217
Due to related party	-	-	-	3,417,855
Long term debt	754,639	-	-	156,215
<b>Total liabilities</b>	<b>819,374</b>	<b>27,976</b>	<b>3,457</b>	<b>4,210,051</b>
<b>Shareholders' Equity/Partners' Capital</b>				
	<b>886,033</b>	<b>265,059</b>	<b>699,438</b>	<b>(275,722)</b>
<b>Total revenue</b>	<b>1,732,325</b>	<b>593,490</b>	<b>128,968</b>	<b>1,105,185</b>
<b>Total expenses</b>	<b>737,640</b>	<b>7,270</b>	<b>252,551</b>	<b>2,425,577</b>
<b>Net income (loss)</b>	<b>994,685</b>	<b>586,220</b>	<b>(123,583)</b>	<b>(1,320,392)</b>

**Kwadacha Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**9. Investments in Nation partnerships and business entities** *(Continued from previous page)*

<i>KNGV Freight Services As at March 31, 2020 (unaudited)</i>	
<b>Assets</b>	
Cash	<b>56,979</b>
Accounts receivable	<b>27,662</b>
Prepaid expenses	-
Due from related party	-
Investments	-
Property, plant, equipment	-
Intangibles	-
Inventories	-
Other current assets	-
<b>Total assets</b>	<b>84,641</b>
<b>Liabilities</b>	
Accounts payable and accruals	<b>20,421</b>
Bank indebtedness	-
Current portion long term debt	-
Due to related party	<b>291,923</b>
Long term debt	-
<b>Total liabilities</b>	<b>312,344</b>
<b>Shareholders' Equity/Partners' Capital</b>	<b>(227,703)</b>
<b>Total revenue</b>	<b>294,235</b>
<b>Total expenses</b>	<b>341,189</b>
<b>Net income (loss)</b>	<b>(46,954)</b>

**Kwadacha Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**10. Funds held in trust**

Capital and revenue trust monies are transferred to the Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the Nation's Council.

	<b>2020</b>	<b>2019</b>
<b>Capital Trust</b>		
Balance, beginning and end of year	<b>1</b>	<b>1</b>
<b>Revenue Trust</b>		
Balance, beginning of year	127,430	123,298
BC special	1,257	1,268
Interest	3,499	2,864
Balance, end of year	<b>132,186</b>	127,430
	<b>132,187</b>	127,431

Ottawa Trust Funds

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 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*.

**11. Deferred revenue**

	<b>2020</b>	<b>2019</b>
ICMS #9-00123010 Flood and Erosion Mitigation	Indigenous Services Canada	84,166
ICMS #9-00128367 Housing Renovations	Indigenous Services Canada	849,696
	<b>933,862</b>	98,679

**12. Debt**

	<b>2020</b>	<b>2019</b>
Royal Bank of Canada demand loan, repayable in monthly instalments of \$4,900 including interest at 2.99% per annum, secured by a Government of Canada ministerial guarantee, matures December 2039	873,643	905,600
Royal Bank of Canada demand loan, repayable in monthly instalments of \$5,184 including interest at 3.59% per annum, secured by a Government of Canada ministerial guarantee, matures September 2038	838,211	869,546
Royal Bank of Canada term loan, repayable in monthly instalments of \$10,100 including interest at RBC prime plus 1.75%, secured by a Government of Canada ministerial guarantee matures, July 2027	829,695	904,051
Royal Bank of Canada demand loan, repayable in monthly instalments of \$2,917 including interest at 2.24% per annum, secured by a Government of Canada ministerial guarantee, matures April 2035	446,649	471,288

**Kwadacha Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**12. Debt (Continued from previous page)**

Royal Bank of Canada demand loan, repayable in monthly instalments of \$5,518 including interest at 2.56% per annum, secured by a Government of Canada ministerial guarantee, matures January 2026	<b>357,909</b>	414,127
Royal Bank of Canada demand loan, repayable in monthly instalments of \$2,341 including interest at 3.61% per annum, secured by a Government of Canada ministerial guarantee, matures December 2033	<b>304,078</b>	319,881
Conditional Sales Contract repayable in monthly instalments of \$1,783 including interest at 2.81% per annum, secured by a Government of Canada ministerial guarantee, matures July 2028	<b>141,623</b>	158,748
Conditional Sales Contract repayable in monthly instalments of \$7,918 including interest at 3.03% per annum, secured by equipment with a net book value \$208,366 (2019 - \$260,457), matures September 2022	<b>138,964</b>	228,334
Royal Bank of Canada demand loan, repayable in monthly instalments of \$1,163 including interest at 2.59% per annum, secured by a Government of Canada ministerial guarantee, matures February 2030	<b>132,292</b>	142,651
Royal Bank of Canada demand loan, repayable in monthly instalments of \$4,357 including interest at 3.24% per annum, secured by equipment with a net book value \$93,434 (2019 - \$116,792), matures April 2023	<b>101,380</b>	149,768
Royal Bank of Canada demand loan, repayable in monthly instalments of \$765 including interest at 2.98% per annum, secured by a Government of Canada ministerial guarantee, matures August 2028	<b>61,071</b>	68,265
All Nations Trust demand loan, repayable in monthly instalments of \$1,050 including interest at 8.25% per annum, unsecured, matures November 2020	<b>7,657</b>	12,919
All Nations Trust demand loan, fully repaid this year	-	10,204
Conditional Sales Contract, fully repaid this year	-	7,731
	<b>4,233,172</b>	4,663,113

Principle repayments on debt in each of the next five years, assuming debt subject to refinancing is renewed, are estimated as follows:

2021	437,577
2022	400,312
2023	310,556
2024	321,489
2025	332,834
<u>Thereafter</u>	<u>2,430,404</u>
	<u>4,233,172</u>

Prime rate at March 31, 2020 was 2.45% (2019 - 3.95%).

**Kwadacha Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**13. Promissory Note**

	<b>2020</b>	<b>2019</b>
<b>First Nation Finance Authority</b> Note payable for interim financing obtained for the construction of a biomass plant, due the earlier of (a) five years from the first principal amount drawdown (May 11, 2021), (b) the date of completion of the plant (April 21, 2017), or (c) the date upon which the Authority issues debt securities to replace the interim financing, secured by reserves established in accordance with an agreement with First Nation Finance Authority	<b>2,362,726</b>	1,950,364

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**14. Advances from related Nation entities**

	<b>2020</b>	<b>2019</b>
Due to Kwadacha Education Society	3,733,737	3,089,275
Due to Obo Forest Management LP	762,004	827,504
Due to Kaska Oil & Gas LP	69,632	69,632
Due to Kaska Drilling LP	48,220	48,220
	<b>4,613,593</b>	4,034,631

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**15. Contingent liabilities**

Kwadacha Nation has entered into contribution agreements with various government agencies. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements. The amount of the liability related to current year funding, if any, of the Nation is not determinable at this time.

The Nation may have future silviculture commitments for government business enterprise owned forest licenses if future costs exceed current estimates. The amount of the liability, if any, is not determinable at this time.

The contingent liability in Ministerial Loan Guarantees provided to the Nation is \$2,207,110.

**16. Subsequent event**

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Band as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**Kwadacha Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**17. Accumulated surplus**

Accumulated surplus consists of the following:

	<b>2020</b>	<b>2019</b>
Operations Fund	(2,682,055)	(5,262,523)
Investment in tangible capital assets	40,236,555	34,755,687
Capital Asset Fund - internally restricted	707,551	639,892
Investment in Nation partnerships and business entities	2,160,949	2,294,262
Ottawa Trust Fund	132,187	127,431
Settlement Negotiations Fund	6,810,990	8,757,513
Remeasurement gains (losses)	(2,191,895)	1,260,735
	<b>45,174,282</b>	<b>42,572,997</b>

**18. Endowment Fund**

Trust funds are held on behalf of the Nation in an Endowment Fund with the Victoria Foundation, created under the Endowment Fund Public Deed of Trust and a Payment Trustee Agreement between Kwadacha Nation, the Victoria Foundation and British Columbia Power Authority dated November 28, 2009. The initial capital contribution earning interest in this fund is \$13,500,000. As the amount is an endowment held in perpetuity, it has not been recorded in these consolidated financial statements.

**19. Economic dependence**

Kwadacha Nation receives a significant portion of its revenue from Indigenous Services Canada (ISC) as a result of Treaties entered into with the Government of Canada. These treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

**20. Indigenous Services Canada reconciliation**

	<b>2020</b>	<b>2019</b>
<b>Direct Nation Funding</b>		
ISC revenue per confirmation	11,938,349	9,657,895
ISC reimbursements	28,421	22,181
ISC recoveries	(701)	(55,067)
Deferred for future capital projects	(849,696)	(98,679)
ISC funding for capital projects	-	100,000
Deferred revenue recognized during the year	14,513	182,765
Recipient total per consolidated financial statements	<b>11,130,886</b>	<b>9,809,095</b>

**21. Budget information**

Budgets were not prepared for all segments and all departments in 2020. As such, the budget figures in the Consolidated Statement of Operations are not presented for the same scope of activities as the actual results.

The disclosed budget information has been approved by the Chief and Council on the Kwadacha Nation. The original budget was approved at the Chief and Council meeting held on April 10, 2019.

**Kwadacha Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**22. Segments**

During the year, the Nation had 9 reportable segments. These segments are differentiated by factors such as major activities, services lines, accountability, and control relationships. For management and reporting purposes, the revenues, expenses, surpluses or deficits are organized by the following segments:

**Administration:**

This segment provides governance initiatives and training through the activities of Chief and Council and administration of other activities relating to program delivery, membership and finance.

**Education and Training:**

This segment provides elementary and secondary education instructional services and provides financial support to Post Secondary students.

**Income Assistance:**

This segment provides programs and services for the social benefit and welfare of Nation members.

**Operations and Maintenance:**

The segment manages community and facilities operations and maintenance including capital projects, municipal services, water and waste water operations, roads, fire protection, and maintenance of community buildings.

**Capital:**

This segment provides for capital infrastructure development.

**Own Source:**

This segment provides for a variety of non-funded local services.

**Health and Wellness:**

This segment provides a variety of health care programs, services and support to Nation members. .

**Settlement Negotiations:**

This segment provides programs and services not otherwise funded for the social, economic and capital needs of Nation members.

**Band Member Trust:**

This segment provides administration services for funds held in trust for band members.

**Kwadacha Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**23. Financial Instruments**

The Nation as part of its operations carries a number of financial instruments. It is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

***Credit Risk***

Credit risk is the risk assumed by the creditor that the borrower will fail to fully honour its financial obligations. Financial instruments that potentially subject the Nation to concentrations of credit risk consists principally of cash, accounts receivable and advances to related parties. The maximum credit risk exposure is \$1,009,830 (2019 - \$772,374). Management believes that the credit risk is low in regards to cash as balances are held with a chartered financial institution and low for accounts receivable and advances to related parties as management provides allowances for potentially uncollectible amounts.

***Risk management***

The Nation does not have formal risk management policies in place.

***Liquidity Risk***

Liquidity risk is the risk that the Nation will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Nation enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Nation's future net cash flows for the possibility of negative net cash flow. The Nation and its entities manage liquidity risk by maintaining liquid assets. The current liabilities of the Nation and its entities are expected to be settled and mature within one year of the year-end date.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Nation is exposed to interest rate risk primarily due to the debt as it is subject to floating rates.

**24. Comparative figures**

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

**Kwadacha Nation**

**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**

For the year ended March 31, 2020

	<i>Land</i>	<i>Buildings</i>	<i>Automotive</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Subtotal</i>
<b>Cost</b>						
Balance, beginning of year	856,440	40,472,395	1,684,011	1,522,795	13,045,615	57,581,256
Acquisition of tangible capital assets	-	652,233	446,411	158,807	17,208	1,274,659
Disposal of tangible capital assets	-	-	(47,922)	(35,422)	-	(83,344)
<b>Balance, end of year</b>	<b>856,440</b>	<b>41,124,628</b>	<b>2,082,500</b>	<b>1,646,180</b>	<b>13,062,823</b>	<b>58,772,571</b>
<b>Accumulated amortization</b>						
Balance, beginning of year	-	13,965,043	963,559	877,680	3,336,892	19,143,174
Annual amortization	-	1,293,142	216,368	148,010	388,694	2,046,214
Accumulated amortization on disposals	-	-	(19,408)	(29,205)	-	(48,613)
<b>Balance, end of year</b>	<b>-</b>	<b>15,258,185</b>	<b>1,160,519</b>	<b>996,485</b>	<b>3,725,586</b>	<b>21,140,775</b>
<b>Net book value of tangible capital assets</b>	<b>856,440</b>	<b>25,866,443</b>	<b>921,981</b>	<b>649,695</b>	<b>9,337,237</b>	<b>37,631,796</b>
Net book value of tangible capital assets 2019	856,440	26,507,353	720,452	645,114	9,708,723	38,438,082

# Kwadacha Nation

## Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2020

	Subtotal	Work in Progress	2020	2019
<b>Cost</b>				
Balance, beginning of year	<b>57,581,256</b>	<b>2,931,080</b>	<b>60,512,336</b>	<b>56,885,956</b>
Acquisition of tangible capital assets	<b>1,274,659</b>	<b>6,628,121</b>	<b>7,902,780</b>	<b>3,825,980</b>
Disposal of tangible capital assets	<b>(83,344)</b>	<b>(358,545)</b>	<b>(441,889)</b>	<b>(199,600)</b>
Balance, end of year	<b>58,772,571</b>	<b>9,200,656</b>	<b>67,973,227</b>	<b>60,512,336</b>
<b>Accumulated amortization</b>				
Balance, beginning of year	<b>19,143,174</b>	<b>-</b>	<b>19,143,174</b>	<b>17,262,118</b>
Annual amortization	<b>2,046,214</b>	<b>-</b>	<b>2,046,214</b>	<b>2,011,680</b>
Accumulated amortization on disposals	<b>(48,613)</b>	<b>-</b>	<b>(48,613)</b>	<b>(130,624)</b>
Balance, end of year	<b>21,140,775</b>	<b>-</b>	<b>21,140,775</b>	<b>19,143,174</b>
<b>Net book value of tangible capital assets</b>	<b>37,631,796</b>	<b>9,200,656</b>	<b>46,832,452</b>	<b>41,369,162</b>
Net book value of tangible capital assets 2019	38,438,082	2,931,080	41,369,162	

**Kwadacha Nation**  
**Schedule 2 - Consolidated Schedule of Expenses by Object**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 21)</b>	<b>2020</b>	<b>2019</b>
<b>Consolidated expenses by object</b>			
Accomodations	720	15,120	855
Activities	27,445	9,628	8,087
Administration (recovery)	177,711	(182,155)	(27,826)
Adult institutional care	-	-	46,998
Amortization	1,135,000	2,046,214	2,011,680
Bad debts (recovery)	25,000	162,679	(27,676)
Band member assistance	55,000	53,240	54,109
Bank charges and interest	35,000	36,685	35,589
Basic needs	200,000	328,361	247,522
Basic shelter	139,828	182,692	143,051
Bereavement	25,000	20,125	19,541
Charter	925,000	1,153,176	1,021,619
Consulting	656,610	241,536	270,500
Contracted services	7,297,881	2,523,813	1,608,078
Cost of goods sold - KCS	1,838,000	2,261,681	2,176,336
Education society disbursements	3,154,592	3,934,586	3,390,469
Elders COL (recovery)	-	(4,800)	(6,400)
Elders costs of living assistance	341,000	349,200	337,400
Equipment rental	5,500	8,069	36,855
Fees and dues	11,150	10,563	15,781
Freight	178,150	196,748	212,972
Fuel	82,300	126,724	128,950
Funding recoveries (reimbursements)	-	(463,292)	-
Guardian Financial Assistance	25,546	20,012	26,201
Honouraria	166,878	223,639	177,288
Hot lunch program	40,000	-	52,288
Insurance	140,602	178,698	175,082
Interest on debt	151,000	243,820	294,852
Management fees	75,000	297,440	70,935
Office	104,950	107,265	99,129
Other	114,500	-	-
Patient travel	635,000	1,085,531	995,261
Premise - Fort Ware	42,000	78,000	-
Premises - Prince George	147,960	108,291	27,956
Professional fees	38,000	44,614	21,373
Purchases - Band Member Trust	-	19,740	27,991
Repairs and maintenance	253,300	182,184	390,947
Special needs	19,817	23,367	41,849
Supplies	314,200	329,410	298,983
Travel, training and workshops	382,260	443,212	358,685
Utilities and telephone	433,920	466,331	438,064
Wages and benefits	2,854,815	2,998,049	2,913,044
	<b>22,250,635</b>	<b>19,860,196</b>	<b>18,114,418</b>

**Kwadacha Nation**  
**Administration**  
**Schedule 3 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 21)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Indigenous Services Canada	-	1,049,326	838,688
Other revenue	300,000	266,095	185,868
Interest	20,000	54,980	53,239
BC Hydro Trust Funds Contribution	-	(5,142)	66,650
	<b>320,000</b>	<b>1,365,259</b>	<b>1,144,445</b>
<b>Expenses</b>			
Administration (recovery)	15,100	(361,387)	(226,397)
Band member assistance	-	778	-
Bank charges and interest	20,000	23,760	22,212
Consulting	34,500	33,850	21,496
Contracted services	-	20,926	4,484
Donations	5,000	-	-
Equipment rental	-	201	27,402
Fees and dues	5,150	6,376	7,226
Freight	5,000	4,572	2,971
Honouraria	24,265	20,280	20,272
Insurance	14,988	18,040	22,969
Interest on debt	50,000	48,943	53,490
Office	75,500	68,817	64,896
Premise - Fort Ware	42,000	42,000	-
Premises - Prince George	53,000	45,045	8,000
Professional fees	25,000	42,364	10,829
Repairs and maintenance	17,500	17,942	20,456
Replacement reserve	15,000	-	-
Supplies	31,800	37,731	41,066
Travel, training and workshops	119,500	160,944	113,076
Utilities and telephone	31,950	60,221	33,081
Wages and benefits	935,692	1,146,269	999,730
	<b>1,520,945</b>	<b>1,437,672</b>	<b>1,247,259</b>
<b>Deficit before other items</b>	<b>(1,200,945)</b>	<b>(72,413)</b>	<b>(102,814)</b>
<b>Transfers between programs</b>	<b>(235,000)</b>	<b>600,000</b>	<b>250,000</b>
<b>Annual surplus</b>	<b>(1,435,945)</b>	<b>527,587</b>	<b>147,186</b>
<b>Accumulated surplus, beginning of year</b>	<b>-</b>	<b>1,862,219</b>	<b>1,715,033</b>
<b>Accumulated surplus, end of year</b>	<b>(1,435,945)</b>	<b>2,389,806</b>	<b>1,862,219</b>

**Kwadacha Nation**  
**Education and Training**  
**Schedule 4 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020</b> <i>Budget</i> <i>(Note 21)</i>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Indigenous Services Canada	-	<b>3,583,417</b>	3,234,575
<b>Expenses</b>			
Education Society disbursements	<b>3,154,592</b>	<b>3,548,762</b>	3,192,170
Travel, training and workshops	-	<b>13,416</b>	-
	<b>3,154,592</b>	<b>3,562,178</b>	3,192,170
<b>Surplus before other items</b>	<b>(3,154,592)</b>	<b>21,239</b>	42,405
<b>Transfers between programs</b>	<b>42,405</b>	-	(39,138)
<b>Annual surplus</b>	<b>(3,112,187)</b>	<b>21,239</b>	3,267
<b>Accumulated surplus (deficit), beginning of year</b>	-	-	(3,267)
<b>Accumulated surplus (deficit), end of year</b>	<b>(3,112,187)</b>	<b>21,239</b>	-

**Kwadacha Nation**  
**Income Assistance**  
**Schedule 5 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 21)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Indigenous Services Canada	23,000	796,055	566,237
<b>Expenses</b>			
Adult Institutional Care	-	-	46,998
Bank charges and interest	-	105	6
Basic needs	200,000	328,361	247,522
Basic shelter	139,828	182,692	143,051
Contracted services	6,732	6,722	-
Freight	750	223	335
Guardian Financial Assistance	25,546	20,012	26,201
Hot lunch program	40,000	-	52,287
Office	5,000	5,571	5,281
Special needs	19,817	23,367	41,849
Supplies	24,156	59,328	10,495
Travel, training and workshops	3,500	1,522	9,148
Utilities and telephone	1,200	1,200	1,200
Wages and benefits	88,741	92,987	111,476
	<b>555,270</b>	<b>722,090</b>	<b>695,849</b>
<b>Surplus (deficit) before other items</b>	<b>(532,270)</b>	<b>73,965</b>	<b>(129,612)</b>
<b>Transfers between programs</b>	<b>-</b>	<b>-</b>	<b>42,405</b>
<b>Annual surplus (deficit)</b>	<b>(532,270)</b>	<b>73,965</b>	<b>(87,207)</b>
<b>Accumulated deficit, beginning of year</b>	<b>-</b>	<b>(127,491)</b>	<b>(40,284)</b>
<b>Accumulated deficit, end of year</b>	<b>(532,270)</b>	<b>(53,526)</b>	<b>(127,491)</b>

**Kwadacha Nation**  
**Operations and Maintenance**  
**Schedule 6 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020</b> <b>Budget</b> <b>(Note 21)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Indigenous Services Canada	-	1,129,003	1,143,775
Other revenue	100,000	142,973	-
	<b>100,000</b>	<b>1,271,976</b>	1,143,775
<b>Expenses</b>			
Bank charges and interest	-	-	252
Consulting	2,500	338	70
Contracted services	935,000	988,555	899,098
Equipment rental	1,500	1,868	1,885
Fees and dues	500	176	389
Freight	6,000	3,311	8,159
Fuel	15,000	20,410	12,626
Insurance	5,281	14,983	14,813
Interest on debt (recovery)	1,000	(146)	812
Other	20,000	-	-
Repairs and maintenance	33,500	51,845	35,135
Supplies	30,000	30,426	12,184
Travel, training and workshops	20,000	38,333	20,419
Utilities and telephone	46,500	39,636	45,676
Wages and benefits	180,000	231,204	179,197
	<b>1,296,781</b>	<b>1,420,939</b>	1,230,715
<b>Deficit before other items</b>	<b>(1,196,781)</b>	<b>(148,963)</b>	(86,940)
<b>Transfers between programs</b>	<b>-</b>	<b>62,395</b>	46,474
<b>Annual deficit</b>	<b>(1,196,781)</b>	<b>(86,568)</b>	(40,466)
<b>Accumulated deficit, beginning of year</b>	<b>-</b>	<b>(296,792)</b>	(256,326)
<b>Accumulated deficit, end of year</b>	<b>(1,196,781)</b>	<b>(383,360)</b>	(296,792)

**Kwadacha Nation**  
**Capital**  
**Schedule 7 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020</b> <b>Budget</b> <b>(Note 21)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Indigenous Services Canada	-	<b>4,286,812</b>	3,802,240
Province of British Columbia	-	<b>463,116</b>	-
Hydro Briefs Funding Allocation	-	-	50,000
Government of Canada	-	-	49,854
Gain (loss) on disposal of tangible capital assets	-	<b>(6,217)</b>	-
	<b>-</b>	<b>4,743,711</b>	3,902,094
<b>Expenses</b>			
Administration	45,949	<b>42,708</b>	53,054
Amortization	1,075,000	<b>2,034,924</b>	1,967,181
Consulting	539,810	<b>14,513</b>	7,404
Contracted services	5,522,324	-	-
Education society disbursements	-	<b>115,059</b>	-
Insurance	-	<b>21,420</b>	-
Utilities and telephone	19,000	-	-
Wages and benefits	19,410	-	50,000
	<b>7,221,493</b>	<b>2,228,624</b>	2,077,639
<b>Surplus before other items</b>	<b>(7,221,493)</b>	<b>2,515,087</b>	1,824,455
<b>Transfers between programs</b>	<b>-</b>	<b>802,368</b>	30,906
<b>Annual surplus</b>	<b>(7,221,493)</b>	<b>3,317,455</b>	1,855,361
<b>Accumulated surplus, beginning of year</b>	<b>-</b>	<b>29,493,446</b>	27,638,085
<b>Accumulated surplus, end of year</b>	<b>(7,221,493)</b>	<b>32,810,901</b>	29,493,446

**Kwadacha Nation**  
**Own Source**  
**Schedule 8 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 21)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Indigenous Services Canada	-	104,150	108,636
Kwadacha Community Store	2,536,000	2,958,341	2,911,657
Other revenue	1,699,000	2,686,402	1,532,131
Rental income	777,000	824,627	624,325
Province of British Columbia	66,666	290,500	817,596
BC Hydro Trust Funds Contribution	-	225,416	-
Earnings from investment in Nation partnerships and business entities	-	143,495	270,437
Government of Canada	60,000	3,123	71,786
Interest	200	2,002	731
Loss on disposal of tangible capital assets	-	-	(38,973)
Hydro Briefs Funding Allocation	350,000	-	600,000
	<b>5,488,866</b>	<b>7,238,056</b>	<b>6,898,326</b>
<b>Expenses</b>			
Administration	26,625	37,171	55,997
Amortization	60,000	11,290	44,499
Bad debts (recovery)	25,000	111,698	(27,676)
Band member assistance	5,000	2,461	703
Bank charges and interest	15,000	12,770	13,118
Charter	925,000	1,153,176	1,021,619
Consulting	77,800	183,635	234,780
Contracted services	545,000	856,085	357,705
Cost of goods sold - Kwadacha Community Store	1,838,000	2,261,681	2,176,336
Disbursement	-	189,346	-
Equipment rental	1,000	-	2,200
Fees and dues	5,500	3,960	7,467
Freight	154,000	182,377	192,273
Fuel	37,500	77,562	79,493
Honouraria	5,000	1,316	9,813
Insurance	103,534	101,317	111,098
Interest on debt	100,000	110,369	133,204
Management fees	-	225,000	-
Office	60,950	28,049	24,399
Premises - Prince George	58,960	51,246	19,956
Professional fees	10,000	750	7,545
Repairs and maintenance	181,000	99,289	305,158
Supplies	68,700	72,603	106,582
Travel, training and workshops	62,500	55,419	68,132
Utilities and telephone	269,000	292,152	284,748
Wages and benefits	670,000	726,642	804,236
	<b>5,305,069</b>	<b>6,847,364</b>	<b>6,033,385</b>
<b>Surplus before other items</b>	<b>183,797</b>	<b>390,692</b>	<b>864,941</b>
<b>Transfers between programs</b>	<b>50,000</b>	<b>207,679</b>	<b>(96,592)</b>
<b>Annual surplus</b>	<b>233,797</b>	<b>598,371</b>	<b>768,349</b>
<b>Accumulated surplus, beginning of year</b>	<b>-</b>	<b>2,604,213</b>	<b>1,835,864</b>
<b>Accumulated surplus, end of year</b>	<b>233,797</b>	<b>3,202,584</b>	<b>2,604,213</b>

**Kwadacha Nation**  
**Health and Wellness**  
**Schedule 9 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 21)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Indigenous Services Canada	-	182,123	114,944
First Nations Health Authority	1,437,961	1,791,107	1,768,439
Province of British Columbia	314,322	375,008	296,113
Government of Canada	91,306	98,806	113,806
Other revenue	223,299	19,831	138,521
	<b>2,066,888</b>	<b>2,466,875</b>	<b>2,431,823</b>
<b>Expenses</b>			
Accomodations	720	15,120	855
Activities	19,945	910	1,325
Administration	71,878	80,776	71,360
Bank charges and interest	-	50	-
Consulting	-	9,200	5,000
Contracted services	276,325	262,357	275,946
Education Society disbursements	-	151,265	148,299
Equipment rental	2,000	2,000	3,731
Freight	8,650	4,363	5,832
Fuel	9,800	10,335	10,294
Funding recoveries (reimbursements)	-	(463,292)	-
Honouraria	57,613	179,938	99,490
Insurance	8,912	12,146	16,277
Office	-	109	-
Other	28,000	-	-
Patient travel	635,000	1,085,531	995,261
Premise - Fort Ware	-	36,000	-
Premises - Prince George	36,000	12,000	-
Repairs and maintenance	10,800	3,573	9,610
Supplies	89,544	103,451	86,772
Travel, training and workshops	111,760	148,979	101,441
Utilities and telephone	22,520	37,161	23,958
Wages and benefits	727,972	661,921	639,083
	<b>2,117,439</b>	<b>2,353,893</b>	<b>2,494,534</b>
<b>Surplus (deficit) before other items</b>	<b>(50,551)</b>	<b>112,982</b>	<b>(62,711)</b>
<b>Transfers between programs</b>	<b>(3,750)</b>	<b>(20,117)</b>	<b>2,676</b>
<b>Annual surplus (deficit)</b>	<b>(54,301)</b>	<b>92,865</b>	<b>(60,035)</b>
<b>Accumulated surplus, beginning of year</b>	<b>-</b>	<b>158,013</b>	<b>218,048</b>
<b>Accumulated surplus, end of year</b>	<b>(54,301)</b>	<b>250,878</b>	<b>158,013</b>

**Kwadacha Nation**  
**Settlement Negotiations**  
**Schedule 10 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 21)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Interest	1,527,500	2,502,157	(611,800)
BC Hydro Trust Funds Contribution	-	1,894,792	1,852,192
Province of British Columbia	-	30,000	30,000
Other revenue	70,000	3,979	38,619
Hydro Briefs Funding Allocation	846,619	-	(650,000)
	<b>2,444,119</b>	<b>4,430,928</b>	<b>659,011</b>
<b>Expenses</b>			
Activities	7,500	8,718	6,762
Administration	18,159	18,577	18,159
Bad debts	-	50,981	-
Band member assistance	50,000	50,001	53,406
Bereavement	25,000	20,125	19,541
Consulting	2,000	-	1,750
Contracted services	12,500	199,822	70,845
Education society disbursements	-	119,500	50,000
Elders costs of living assistance	341,000	349,200	337,400
Equipment rental	1,000	4,000	1,639
Fees and dues	-	50	698
Freight	3,750	1,902	3,402
Fuel	20,000	18,418	26,539
Honouraria	80,000	22,105	47,713
Insurance	7,887	10,792	9,925
Interest on long-term debt	-	84,654	107,346
Management fees	75,000	72,440	70,935
Office	10,000	4,718	4,554
Professional fees	3,000	1,500	3,000
Repairs and maintenance	10,500	9,535	20,588
Supplies	70,000	25,873	41,883
Travel, training and workshops	65,000	24,598	46,468
Utilities and telephone	43,750	35,960	49,401
Wages and benefits	233,000	139,027	129,322
	<b>1,079,046</b>	<b>1,272,496</b>	<b>1,121,276</b>
<b>Surplus (deficit) before other items</b>	<b>1,365,073</b>	<b>3,158,432</b>	<b>(462,265)</b>
<b>Transfers between programs</b>	<b>540,000</b>	<b>(1,652,324)</b>	<b>(236,731)</b>
<b>Annual surplus (deficit)</b>	<b>1,905,073</b>	<b>1,506,108</b>	<b>(698,996)</b>
<b>Accumulated surplus, beginning of year</b>	<b>-</b>	<b>7,496,778</b>	<b>8,195,774</b>
<b>Accumulated surplus, end of year</b>	<b>1,905,073</b>	<b>9,002,886</b>	<b>7,496,778</b>

**Kwadacha Nation  
Band Member Trust**  
**Schedule 11 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 21)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Band members Trust	-	<b>17,834</b>	31,759
<b>Expenses</b>			
Elders COL (recovery)	-	<b>(4,800)</b>	(6,400)
Purchases - Band Member Trust	-	<b>19,740</b>	27,991
	-	<b>14,940</b>	21,591
<b>Annual surplus</b>			
Accumulated surplus, beginning of year	-	<b>2,894</b>	10,168
	-	<b>121,878</b>	111,710
<b>Accumulated surplus, end of year</b>	-	<b>124,772</b>	121,878