

CAMPBELL RIVER INDIAN BAND

Consolidated Financial Statements

March 31, 2019

CAMPBELL RIVER INDIAN BAND

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2019

The accompanying consolidated financial statements of the Campbell River Indian Band as at March 31, 2019 and for the year ended are the responsibility of management. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

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

The Campbell River Indian Band Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

Chief and Council reviews the financial statements and approves them. Chief and Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the independent auditor's report. Chief and Council consider their findings when approving the financial statements for issuance to the Members.

The financial statements have been approved by Chief and Council. In addition, these financial statements have been audited by Chan Nowosad Boates Inc. in accordance with Canadian generally accepted auditing standards on behalf of the members. Chan Nowosad Boates Inc. has full access to Chief and Council.



Ms. Jodi Boyd
Band Manager
November 12, 2019



INDEPENDENT AUDITORS' REPORT

To the Members of the Campbell River Indian Band

Qualified Opinion

We have audited the accompanying consolidated financial statements of the Campbell River Indian Band (the "Band"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis of for Qualified Opinion, the Band's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Band as at March 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended. The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Band in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements.

An audit of one of the Band's Government Business Partnerships had a qualified audit opinions issued on its financial statements for the years ending March 31, 2018 and 2019 as well two other Government Business Partnerships that the Band has did not have financial statements or financial information available at the date of this audit report.

Accordingly, we are not able to determine if any adjustment might be required to the investment in government business partnerships on the consolidated statement of financial position and the related income from government business partnerships presented on the consolidated statement of operations and accumulated surplus for the years ending March 31, 2018 and 2019.

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 the 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 Band'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 intends for the Band's to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the Band's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 the 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 Band'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 Band's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Band to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

Other Matters

The consolidated financial statements for the year ended March 31, 2018 were audited by another firm of Chartered Professional Accountants who expressed a qualified opinion on those financial statements on October 2, 2018.

Chan Nowosad Boates Inc.

Chartered Professional Accountants
Campbell River, BC

November 12, 2019

CAMPBELL RIVER INDIAN BAND

Consolidated Statement of Financial Position

March 31, 2019

2019

2018

(Note 15)

FINANCIAL ASSETS

Cash and Cash Equivalents (Note 2)	\$ 11,804,327	\$ 11,397,240
Trust Funds Held by Federal Government (Note 3)	214,824	214,824
Accounts Receivable (Note 4)	1,068,488	905,311
Inventory (Note 5)	289,455	265,102
Investments in Government Business Partnerships (Note 6)	<u>20,951,140</u>	<u>18,550,143</u>
	<u>34,328,234</u>	<u>31,332,620</u>

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 7)	\$ 895,063	\$ 1,279,948
Deferred Revenue (Note 8)	4,599,229	4,725,469
Long Term Debt (Note 9)	<u>4,222,765</u>	<u>4,527,922</u>
	<u>9,717,057</u>	<u>10,533,339</u>
NET FINANCIAL ASSETS	<u>24,611,177</u>	<u>20,799,281</u>

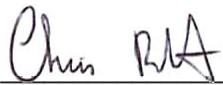
NON-FINANCIAL ASSETS

Prepaid Expenses	\$ 37,254	\$ 63,222
Tangible Capital Assets (Note 10)	<u>17,530,615</u>	<u>17,677,423</u>
	<u>17,567,869</u>	<u>17,740,645</u>

ACCUMULATED SURPLUS

42,179,046 38,539,926

Approved by:



Chief



Councillor

CAMPBELL RIVER INDIAN BAND

Consolidated Statement of Operations and Accumulated Surplus

Year Ended March 31, 2019

	2019		2018
	Actual	Budget	\$
	\$	\$	\$
	(Note 18)		(Note 15)
Revenue			
Federal Government:			
Indigenous Services Canada	3,371,410	3,486,906	3,496,969
Ottawa Trust Funds	9,252	2,500	4,164
Canada Mortgage and Housing Corporation	90,714	104,075	196,100
First Nations Health Authority - Set Contribution	127,422	87,335	112,648
Province of British Columbia	329,999	329,999	277,537
School District 72	44,704	46,614	50,688
Taxation	2,354,062	2,342,320	2,287,264
Income from Government Business Partnerships	2,521,746	785,000	3,686,777
Rent and Land Leases	923,228	930,996	839,972
Sales	2,944,465	1,668,250	2,451,367
Other	1,344,987	1,288,396	1,146,963
	<u>14,061,989</u>	<u>11,072,391</u>	<u>14,550,449</u>
Expenditures			
Band Government	3,605,341	4,050,417	3,465,214
Education	1,933,188	2,129,197	1,993,415
Health	134,967	130,352	172,735
Economic Development	1,787,313	1,631,065	1,787,659
Housing and Lands	892,884	1,009,153	1,090,667
Community and Social Services	1,945,804	1,004,683	1,716,503
Employment Programs	123,372	459,323	67,536
	<u>10,422,869</u>	<u>10,414,190</u>	<u>10,293,729</u>
Annual Surplus	<u>3,639,120</u>	<u>658,201</u>	4,256,720
Accumulated Surplus - Beginning of Year as Previously Stated	47,793,953		44,737,087
Prior Period Adjustment (Note 15)	<u>(9,254,027)</u>		<u>(10,453,881)</u>
Accumulated Surplus - Beginning of Year as Restated	<u>38,539,926</u>		<u>34,283,206</u>
Accumulated Surplus - End of Year	<u>42,179,046</u>		<u>38,539,926</u>

CAMPBELL RIVER INDIAN BAND

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2019

	2019		2018
	Actual \$	Budget \$	\$
	(Note 18)		(Note 15)
Annual Surplus as Previously Stated	3,639,120	658,201	3,056,866
Prior Period Adjustment (Note 15)	-	-	1,199,855
Annual Surplus as Restated	<u>3,639,120</u>	<u>658,201</u>	<u>4,256,721</u>
Purchase of Tangible Capital Assets	(395,698)	-	(984,468)
Amortization of Tangible Capital Assets	542,506	819,100	518,961
Proceeds on Sale of Tangible Capital Assets	-	-	64,253
	<u>146,808</u>	<u>819,100</u>	<u>(401,254)</u>
Acquisition of Prepaid Asset	-	-	(55,812)
Use of Prepaid Asset	<u>25,968</u>	<u>-</u>	<u>79,709</u>
	<u>25,968</u>	<u>-</u>	<u>23,897</u>
Increase in Net Financial Assets	3,811,896	1,477,301	3,879,364
Net Financial Assets - Beginning of Year as Previously Stated	19,902,689	20,106,464	16,800,237
Prior Period Adjustment (Note 15)	896,592	-	119,680
Net Financial Assets - Beginning of Year as Restated	<u>20,799,281</u>	<u>20,106,464</u>	<u>16,919,917</u>
Net Financial Assets - End of Year	<u>24,611,177</u>	<u>21,583,765</u>	<u>20,799,281</u>

CAMPBELL RIVER INDIAN BAND

Consolidated Statement of Cash Flows

Year Ended March 31, 2019

	2019	2018
	\$	\$
Cash Flows From Operating Activities:		
Cash Flows from Government and Other Sources	11,363,671	11,424,068
Cash Paid to Suppliers and Employees	<u>(10,376,473)</u>	<u>(9,449,976)</u>
	<u>987,198</u>	<u>1,974,092</u>
Cash Flows From Investing Activities:		
Investments in Government Business Partnerships	-	(926,684)
Distributions from Government Business Partnerships	120,744	1,080,442
Purchase of Tangible Capital Assets	(395,698)	(984,468)
Proceeds on Sale of Tangible Capital Assets	<u>-</u>	<u>64,253</u>
	<u>(274,954)</u>	<u>(766,457)</u>
Cash Flows From Financing Activities:		
Long Term Debt Incurred	-	609,038
Repayment of Long Term Debt	<u>(305,157)</u>	<u>(346,463)</u>
	<u>(305,157)</u>	<u>262,575</u>
Increase in Cash and Cash Equivalents	407,087	1,470,210
Cash and Cash Equivalents - Beginning of Year	11,397,240	9,927,030
Cash and Cash Equivalents - End of Year	11,804,327	11,397,240
Cash is Represented by:		
Cash on Hand and Held in Banks (Note 2)	11,684,712	11,279,357
Restricted Cash (Note 2)	119,615	117,883
	<u>11,804,327</u>	<u>11,397,240</u>

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2019

1. Significant Accounting Policies:

a) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services and may be consumed in normal operations. Non-financial assets include tangible capital assets, and prepaid expenses. Intangible assets, and items inherited by right of the First Nation, are not recognized in the consolidated financial statements.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, restricted cash and balances held with banks.

c) Loans Receivable

Loans receivable are initially recorded at cost, and thereafter at the lower of cost and net realizable value. Valuation allowances are made when collection is doubtful as assessed by management. Interest income is recognized in the period earned, and ceases to be earned if the collection of the outstanding principal and interest amounts are not reasonably assured.

d) Inventory

Inventory consists of goods purchases for resale and is recorded at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

e) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the report amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, estimated useful lives of tangible capital assets, impairment of tangible capital assets, recoverability of investments and advances, accrued liabilities and the possibility of contingent liabilities. Actual results could differ from these estimates.

f) Liability for Contaminated Sites

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 Band 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, 2019.

At each financial reporting date, the Band 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 First 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, 2019, no liability for contaminated sites exists.

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2019

1. Significant Accounting Policies (continued):

g) Surplus Recoveries and Deficit Funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency. The Band accounts for these recoveries or surpluses in the year the funding agency requests.

2. Cash and Cash Equivalents:

Under the terms of an agreement with Canada Mortgage and Housing Corporation (CMHC), the Band must set aside funds annually for the repair, maintenance and replacement of worn out assets.

These funds, along with accumulated interest, must be held in separate bank accounts, with the agreement with CMHC requiring its own bank account. The funds are to be invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC with any interest earned to be credited as to the replacement reserve. The funds in the account may only be used for CMHC approved expenditures.

The Band is also required to maintain a separate bank account for the operating surplus resulting from the operation of the program under the agreement, known as the operating reserve.

	<u>2019</u>	<u>2018</u>
	\$	\$
External Restricted		
Social Housing Replacement Reserve	60,964	59,531
Social Housing Operating Reserve	<u>58,651</u>	<u>58,352</u>
	<u>119,615</u>	<u>117,883</u>
Unrestricted		
Operating	<u>11,684,712</u>	<u>11,279,357</u>
	<u>11,804,327</u>	<u>11,397,240</u>

3. Trust Funds Held by Federal Government:

	<u>2018</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2019</u>
	\$	\$	\$	\$
Capital	214,824	-	-	214,824
Revenue	<u>-</u>	<u>9,252</u>	<u>(9,252)</u>	<u>-</u>
	<u>214,824</u>	<u>9,252</u>	<u>(9,252)</u>	<u>214,824</u>

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada, 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*.

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2019

4. Accounts Receivable:

	<u>2019</u> \$	<u>2018</u> \$
Due from Discovery Harbour Authority	108,310	109,190
Due from Indigenous Services Canada	147,404	-
Due from Canada Mortgage and Housing Canada	4,507	59,783
Due from Taxpayers	597,292	585,549
Due from Nystar Myra Falls Ltd.	93,703	98,388
Due from Others	427,428	428,930
Due from Members	132,892	32,875
	<u>1,511,536</u>	<u>1,314,715</u>
Less: Allowance for Doubtful Accounts	(443,048)	(409,404)
	<u>1,068,488</u>	<u>905,311</u>

5. Inventory

	<u>2019</u> \$	<u>2018</u> \$
We Wai Kum House of Treasures	<u>289,455</u>	<u>265,102</u>

The cost of inventories recognized as an expense and included in expenditures amounted to \$316,274 (2018 - \$271,908).

6. Investments in Government Business Partnerships:

	<u>2019</u> \$	<u>2018</u> \$
CRIBCO Limited Partnership (99.99%)	7,695,367	7,110,233
CRIBCO Forest Products Limited Partnership (99.99%)	3,729,878	3,429,487
A-tlegay Fisheries Limited Partnership (23.50%)	967,027	776,434
Laich-Kwil-Tach Environmental Assessments LP (50.00%)	790,557	683,376
Discovery Harbour Shopping Centre (25.00%)	2,856,647	2,370,032
Discovery Crescent Shopping Centre (50.00%)	1,893,901	1,721,530
Discovery Residential Holdings Ltd. (Lot 4) Joint Venture (50.00%)	219,553	217,335
Laich-Kwil-Tach Wood Trucking Joint Venture (45.00%)	73,752	16,150
Nanwakolas Timber Limited Partnership (17.31%)	2,642,182	2,225,566
Knight Inlet Grizzly Tours Ltd. - Indirect Ownership (17.31%)	82,276	-
	<u>20,951,140</u>	<u>18,550,143</u>

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2019

6. Investments in Government Business Partnerships (continued):

The following is a description of the activities of each commercial enterprises:

- (b) CRIBCO Limited Partnership operates a marina and marine fuel dock.
- (c) CRIBCO Forest Products Limited Partnership harvests timber for sale.
- (d) A-tlegay Fisheries Limited Partnership acquires and manages various fishing licenses and quota.
- (e) Laich-Kwil-Tach Environmental Assessments LP conducts environmental assessments.
- (f) Discovery Harbour Shopping Centre is a shopping centre that leases to commercial tenants.
- (g) Discovery Crescent Shopping Centres is a real estate project that leases to commercial tenants.
- (h) Discovery Residential Holdings Ltd. (Lot 4) Joint Venture sub leases lands for a boat repair yard.
- (i) Laich-Kwil-Tach Wood Trucking Joint Venture contracts rock hauling and rock sales related to the John Hart Dam Project.
- (j) Nanwakolas Timber Limited Partnership harvests and manages timber and has an investment in a grizzly tour resort.
- (k) Knight Inlet Grizzly Tours Ltd. (the "Lodge") operates the Knight Inlet Lodge that provides Grizzly Tours. It is wholly owned by the Nanwakolas Timber Limited Partnership but its operations are not reflected within the financial statements of Nanwakolas Timber Limited Partnership as it is not consolidated into the Nanwakolas Limited Partnership financial statements. The Lodge has a October 31st year-end. For the remainder of this note, its operations are presented as combined with the Nanwakolas Timber Limited Partnership.
- (l) Kwickw Construction Limited Partnership seeks opportunities related to the John Hart Generating Station Replacement Project.
- (m) Discovery Enterprises Limited Partnership carries on a general contracting business.

Following is a summary of the most recent financial statement information available.

	CRIBCO LP	CRIBCO Forest Products LP	A-tlegay Fisheries LP	Laich-Kwil- Tach Environmental Assessments LP	Discovery Harbour Shopping Centre	Discovery Crescent Shopping Centre	Discovery (Lot 4) Residential Holding Ltd.	Laich-Kwil- Tach Wood Trucking Joint Venture.	Discovery Knight Inlet Grizzly Tours Ltd.	Nanwakolas LP and Timber Ltd.	TOTAL 2019	TOTAL 2018
Cash	2,113,691	3,620,219	990,967	1,196,402	2,430,269	594,643	48,306	149,829	8,968,371	20,112,697	10,644,761	
Accounts Receivable	311,142	647	489,083	652,709	727,605	31,792	-	16,532	729,842	2,959,352	1,716,421	
Inventory	221,403	-	-	-	-	-	-	339,246	59,207	619,856	-	
Tangible Capital Assets	4,833,898	128,838	2,642,045	-	3,413,196	2,941,323	379,040	-	5,599,760	19,938,100	8,877,956	
Investment in Subsidiary	-	-	-	-	-	-	-	-	1,701,047	1,701,047	6,680,371	
Other Assets	78,879	190,485	4,161	7,079	-	142,322	-	-	247,150	670,076	205,482	
Total Assets	<u>7,559,013</u>	<u>3,940,189</u>	<u>4,126,256</u>	<u>1,856,190</u>	<u>6,571,070</u>	<u>3,710,080</u>	<u>427,346</u>	<u>505,607</u>	<u>17,305,377</u>	<u>46,001,128</u>	<u>28,124,991</u>	
Accounts Payable	438,243	1,297	10,841	275,016	428,540	22,278	244	3,270	557,182	1,736,911	799,624	
Long Term Debt	-	-	-	-	32,775,195	-	-	-	-	32,775,195	36,344,787	
Other Liabilities	711,670	208,163	-	-	174,280	-	-	339,246	2,398,526	3,831,885	153,974	
Total Liabilities	<u>1,149,913</u>	<u>209,460</u>	<u>10,841</u>	<u>275,016</u>	<u>33,378,015</u>	<u>22,278</u>	<u>244</u>	<u>342,516</u>	<u>2,955,708</u>	<u>38,343,991</u>	<u>37,298,385</u>	
Equity (Deficit)	6,409,100	3,730,729	4,115,415	1,581,174	(26,806,945)	3,687,802	427,102	163,091	4,349,669	7,657,137	(9,173,394)	
Total Liabilities and Equity (Deficit)	<u>7,559,013</u>	<u>3,940,189</u>	<u>4,126,256</u>	<u>1,856,190</u>	<u>6,571,070</u>	<u>3,710,080</u>	<u>427,346</u>	<u>505,607</u>	<u>17,305,377</u>	<u>46,001,128</u>	<u>28,124,991</u>	
Revenue	11,519,781	335,691	1,065,992	2,318,947	6,004,389	848,834	79,350	31,895	8,094,387	30,299,266	0,889,210	
Expenses	10,934,647	37,359	254,878	2,104,564	4,189,928	423,484	28,915	1,453	5,200,400	23,175,628	7,378,987	
Net Income (Loss)	<u>585,134</u>	<u>298,332</u>	<u>811,114</u>	<u>214,383</u>	<u>1,814,461</u>	<u>425,350</u>	<u>50,435</u>	<u>30,442</u>	<u>2,893,987</u>	<u>7,123,638</u>	<u>3,510,223</u>	

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2019

7. Accounts Payable and Accrued Liabilities:

	<u>2019</u> \$	<u>2018</u> \$
Government Remittances Payable	81,168	40,231
City of Campbell River	289,097	297,263
School District #72	104,451	338,767
CRIBCO Forest Products Limited Partnership	185,525	-
Other Trade Payables	<u>234,822</u>	<u>603,687</u>
	<u>895,063</u>	<u>1,279,948</u>

8. Deferred Revenue:

	<u>2018</u> \$	<u>Funding Received</u> \$	<u>Revenue Recognized</u> \$	<u>2019</u> \$
Prepaid Rent				
Home Depot - Prepaid Rent	1,669,548	-	(42,671)	1,626,877
Walmart - Prepaid Rent	3,039,452	-	(75,469)	2,963,983
Telus - Prepaid Rent	11,498	-	(11,498)	-
Members - Prepaid Social Housing Rent (Deposit)	<u>1,918</u>	<u>-</u>	<u>(2,620)</u>	<u>(702)</u>
	<u>4,722,416</u>	<u>-</u>	<u>(132,258)</u>	<u>4,590,158</u>
Sales and Other				
Prepaid Signage Revenue	1,000	-	(1,000)	-
House of Treasures - Prepaid Sales	2,053	9,071	(2,053)	9,071
	<u>3,053</u>	<u>9,071</u>	<u>(3,053)</u>	<u>9,071</u>
	<u>4,725,469</u>	<u>9,071</u>	<u>(135,311)</u>	<u>4,599,229</u>

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2019

9. Long Term Debt:

	<u>2019</u> \$	<u>2018</u> \$
Bank of Montreal (Thunderbird Hall): Repayable at \$6,786 per month including interest at prime plus 1% per annum; due on demand	71,429	152,857
Bank of Montreal (New Band Office): Repayable at \$16,407 per month including interest at 2.86% per annum; matures on August 31, 2021	2,310,931	2,427,410
All Nations Trust Company (Social Housing): Repayable at \$614 per month including interest at 1.23% per annum; guaranteed by Canada Mortgage and Housing Corporation; renewal date May 1, 2020	42,047	48,857
Bank of Montreal (6 - Plex): Repayable at \$1,469 per month including interest at 2.86% per annum; matures on August 31, 2021	204,702	213,613
TD Canada Trust (Social Housing): Repayable at \$1,408 per month including interest at 3.59% per annum; guaranteed by Canada Mortgage and Housing Corporation, maturity date November 1, 2019	60,992	75,463
Bank of Montreal (Campsite): Repayable at \$1,468 per month including interest at 3.85% per annum; matures on April 30, 2020	18,619	35,172
All Nations Trust Company (Social Housing): Repayable at \$2,398 per month including interest at 2.14% per annum; guaranteed by Canada Mortgage and Housing Corporation; renewal date March 1, 2024	369,244	390,089
All Nations Trust Company (Social Housing): Repayable at \$570 per month including interest at 1.77% per annum; guaranteed by Canada Mortgage and Housing Corporation; renewal date November 1, 2019	118,427	123,135
All Nations Trust Company (Social Housing): Repayable at \$1,816 per month including interest at 1.05% per annum; guaranteed by Canada Mortgage and Housing Corporation; renewal date August 1, 2021	435,149	452,288
All Nations Trust Company (Social Housing): Repayable at \$3,001 per month including interest at 2.41% per annum; guaranteed by Canada Mortgage and Housing Corporation; renewal date April 1, 2023	<u>591,225</u>	<u>609,038</u>
Total Long Term Debt	<u>4,222,765</u>	<u>4,527,922</u>

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2019

9. Long Term Debt (continued):

Interest expense on long term debt for the year ended March 31, 2019 is \$108,386 (2018 - \$97,299). Scheduled principal repayments for the next five years is estimated as follows:

	\$
2020	303,738
2021	222,193
2022	226,428
2023	229,442
2024 and Thereafter	3,240,964

10. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening \$	Additions \$	Disposals \$	Closing \$	Opening \$	Amort \$	Disposals \$	Closing \$	2019 \$	2018 \$
Land	6,651,765	-	-	6,651,765	-	-	-	-	6,651,765	6,651,765
Buildings	9,932,183	210,134	-	10,142,317	2,208,646	316,680	-	2,525,326	7,616,991	7,723,537
Community Infrastructure	4,403,670	51,714	-	4,455,384	1,310,024	169,930	-	1,479,954	2,975,430	3,093,646
Furniture, Equipment and Vehicles	742,754	133,850	-	876,604	534,279	55,896	-	590,175	286,429	208,475
Total	21,730,372	395,698	-	22,126,070	4,052,949	542,506	-	4,595,455	17,530,615	17,677,423

11. Contingent Liabilities:

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

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

- a) The Band is contingently liable for \$7,498,708 with respect to loans from the Bank of Montreal for Band members for homes built on reserve land.
- b) The Band has signed promissory notes and First Nation Negotiation Support Agreements totaling \$8,783,741 as at March 31, 2019, representing advances made by Canada for negotiations. Repayment provisions for these loans were outlined in Section 13.0 and 14.0 of the First Nation Negotiation Support Agreement from 2018/2019 and earlier.
- c) The Band is contingently liable for \$8,193,799 with respect to the mortgage payable for the Discovery Harbour Shopping Centre.

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2019

12. Contractual Obligations:

The nature of the Band's activities can result in some multi-year contracts whereby it will be obligated to make future payments when goods or services are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	\$
2020	11,952
2021	11,952
2022	11,952
2023	6,972
2024	<u>-</u>
	<u>42,828</u>

13. Pension Plan:

The Band provides a defined contribution plan for eligible members of its staff. Members are required to contribute 3 - 7% of their salary. The Band contributes 3 - 7% to the members' contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The Band contributed \$52,005 (2018 - \$38,875) for its retirement benefits. The Band does not have any other obligation with regards to the pension plan as at March 31, 2019.

14. Accumulated Surplus:

	<u>2019</u>	<u>2018</u>
	\$	\$
Internally Restricted		
Equity in Tangible Capital Assets	12,976,639	12,949,461
Externally Restricted		
Equity in Ottawa Trust	214,824	214,824
Unrestricted		
Operating Surplus (Note 17)	<u>28,987,583</u>	<u>25,375,641</u>
Total Surplus	<u>42,179,046</u>	<u>38,539,926</u>

15. Prior Period Adjustments:

Cruise Ship Terminal

In the current year, the Band determined that the Campbell River Cruise Ship Terminal (the "Terminal") had, prior to April 1, 2017, ceased to contribute to the Band's ability to generate revenues or provide services. The net book value of the terminal has been adjusted to its residual value.

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2019

15. Prior Period Adjustment (Continued):

Cruise Ship Terminal (Continued)

The adjustment to the March 31, 2018 year end has impacted Tangible Capital Assets, Amortization, Annual Surplus, Accumulated Surplus - Beginning of Year and Accumulated Surplus - End of Year as follows:

Tangible Capital Assets decreased by \$10,573,562
Amortization Expense decreased by \$422,942
Annual Surplus increased by \$422,942
Accumulated Surplus – Beginning of Year decreased \$10,694,881
Accumulated Surplus – End of Year decreased by \$10,573,562

Nanwakolas Timber Limited Partnership

In the current year, the Band determined that income from the investment in the Nanwakolas Timber Limited Partnership for the year ending March 31, 2017 had not been recorded completely in the March 31, 2017 Consolidated Financial Statements of the Band. The adjustment to the March 31, 2018 Consolidated Financial Statements of the Band has impacted Investment in Government Business Partnerships, Accumulated Surplus - Beginning of Year and Accumulated Surplus - End of Year as follows:

Investment in Government Business Partnerships increased by \$119,680
Accumulated Surplus – Beginning of Year increased by \$119,680
Accumulated Surplus – End of Year increased by \$119,680

CRIBCO Limited Partnership

In the current year, the financial statements for the March 31, 2018 year-end of the CRIBCO Limited Partnership, of which the Band holds a 99.99% interest, were completed. The March 31, 2018 financial statements had been issued with a qualified audit opinion as a result of the fact that they did not include income include amounts from the March 31, 2018 CRIBCO LP financial statements.

The adjustment to record the operations of the CRIBCO Limited Partnership in the March 31, 2018 Consolidated Financial Statements has impacted Investment in Government Business Partnerships, Income from Government Business Partnerships, Annual Surplus and Accumulated Surplus - End of Year as follows:

Investment in Government Business Partnerships increased by \$776,912
Income from Government Business Partnerships increased by \$776,912
Annual Surplus increased by \$776,912
Accumulated Surplus - End of Year increased by \$776,912

Campbell River Indian Band Thunderbird Recreation

In the current year, it was identified that revenues and expenses relating to tobacco sales that were occurring, and were transacted in the name of the Band, were not recorded within the Band's financial statements. The tobacco sale transactions were being accounted for by an independent committee, the Campbell River Indian Band Thunderbird Recreation (the "Committee"). The Committee was recording the revenues and expenses related to the tobacco sales, as well as the expenses related to the disbursement of the proceeds from those tobacco sales.

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2019

15. Prior Period Adjustment (Continued):

Campbell River Indian Band Thunderbird Recreation (Continued)

The Band and its Chief and Council do not have control over the bank account of the Committee, nor the decisions the Committee undertakes with the proceeds from the tobacco sales and as a result the bank account and the Committee's activities have not been consolidated within the financial statements of the Band.

The revenues and expenses from tobacco sales are legally attributable to the Band and have been reflected in both the current period and prior period comparative information.

The proceeds from the tobacco sales are reflected as an expense in the Band's financial statements as it reflects a contribution to the Committee.

The adjustment to record the operations of the committee in the March 31, 2018 Consolidated Financial Statements has impacted Revenues and Expenditures.

Sales increased by \$922,316
Community and Social Services expenditures increased by \$922,316

16. Federal Assistance Payments:

The Campbell River Indian Band Social Housing Project has received federal assistance through CMHC pursuant to Section 56.1 of the National Housing Act to enable the project to provide housing to low income individuals. The amount of assistance received in 2019 was \$90,714 (2018 - \$69,441).

17. Risk Management:

The Band has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. The Band has identified its risks and ensures that management monitors and controls them.

a) Credit Risk:

Credit risk is the risk of financial loss to an institution if a customer or counter party to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held consisting of cash, amounts receivable and investments.

The Band is primarily exposed to credit risk in their receivables in relation to their amounts due from trade receivables which in 2019 totaled \$495,644 (2018 - \$319,756).

It is management's opinion that the Band is not exposed to significant credit risk associated with its cash deposits as they are placed in recognized British Columbia institutions.

b) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. It is management's opinion that the Band is not exposed to significant interest rate risk as its only investment is Trust Funds Held by Federal Government.

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2019

17. Risk Management (continued):

c) Liquidity Risk:

Liquidity risk is the risk that the Band will not be able to meet its financial obligations as they become due.

The Band manages liquidity risk by continually monitoring cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Band's reputation.

18. Budget Figures:

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council and have not been audited.

19. Comparative Figures:

Certain 2018 comparative figures, which were reported on by another firm of Chartered Professional Accountants, have been reclassified to conform with the financial statement presentation adopted in the current year.

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2019

20. Segmented Disclosure:

The Band provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. For each separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the period are as follows:

Year ended March 31, 2019:

	Band Government			Education			Health		
	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Indigenous Services Canada	444,059	444,060	453,847	1,565,202	1,565,202	1,641,044	-	-	-
Ottawa Trust Funds	2,500	9,252	4,164	-	-	-	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	-	-
First Nations Health Authority - Set Contribution	-	-	-	1,000	1,000	25,000	71,335	111,422	87,648
Income from Government Business Partnerships	785,000	2,472,996	2,828,656	-	-	-	-	-	-
Taxation	2,342,320	2,354,062	2,330,158	-	-	(19,363)	-	-	1,273
Other Revenue	998,128	1,024,155	1,029,216	476,791	489,635	335,856	45,400	46,833	45,040
	<u>4,572,007</u>	<u>6,304,525</u>	<u>6,646,041</u>	<u>2,042,993</u>	<u>2,055,837</u>	<u>1,982,537</u>	<u>116,735</u>	<u>158,255</u>	<u>133,961</u>
Expenses									
Wages and Benefits	701,662	703,092	619,656	435,137	407,429	357,165	27,075	27,597	14,181
Interest and Bank Charges	86,050	83,858	87,109	-	-	-	-	-	-
Amortization	760,000	329,132	340,201	-	-	-	-	-	-
Other Expenses	2,502,705	2,489,259	2,418,248	1,694,060	1,525,759	1,636,250	103,277	107,370	158,554
	<u>4,050,417</u>	<u>3,605,341</u>	<u>3,465,214</u>	<u>2,129,197</u>	<u>1,933,188</u>	<u>1,993,415</u>	<u>130,352</u>	<u>134,967</u>	<u>172,735</u>
Annual Surplus (Deficit)	<u>521,590</u>	<u>2,699,184</u>	<u>3,180,827</u>	<u>(86,204)</u>	<u>122,649</u>	<u>(10,878)</u>	<u>(13,617)</u>	<u>23,288</u>	<u>(38,774)</u>

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2019

20. Segmented Disclosure (continued):

Year ended March 31, 2019:

	Economic Development			Housing and Lands			Community and Social Services		
	2019 Budget \$	2019 Actual \$	2018 Actual \$	2019 Budget \$	2019 Actual \$	2018 Actual \$	2019 Budget \$	2019 Actual \$	2018 Actual \$
Revenue									
Indigenous Services Canada	38,437	38,438	78,406	668,795	611,174	700,605	633,174	600,377	623,067
Ottawa Trust Funds	-	-	-	-	-	-	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	104,075	90,714	196,100	-	-	-
First Nations Health Authority - Set Contribution	-	-	-	-	-	-	-	-	-
Income from Government Business Partnerships	-	48,750	858,121	-	-	-	-	-	-
Province of British Columbia	329,999	329,999	277,537	-	-	-	-	-	-
Taxation	-	-	(12,367)	-	-	10,298	-	-	(22,735)
Other Revenue	<u>1,769,750</u>	<u>2,083,885</u>	<u>1,886,489</u>	<u>135,718</u>	<u>112,056</u>	<u>115,952</u>	<u>437,822</u>	<u>1,443,056</u>	<u>1,042,437</u>
	<u>2,138,186</u>	<u>2,501,072</u>	<u>3,088,186</u>	<u>908,588</u>	<u>813,944</u>	<u>1,022,955</u>	<u>1,070,996</u>	<u>2,043,433</u>	<u>1,642,769</u>
Expenses									
Wages and Benefits	408,987	438,739	341,488	183,182	163,142	168,313	143,042	142,876	140,925
Interest and Bank Charges	27,100	31,467	39,236	41,400	39,890	26,321	5,500	5,419	7,946
Amortization	100	1,014	114,529	59,000	99,520	64,231	-	-	-
Other Expenses	<u>1,194,878</u>	<u>1,316,093</u>	<u>1,292,406</u>	<u>725,571</u>	<u>590,332</u>	<u>831,802</u>	<u>856,141</u>	<u>1,797,509</u>	<u>1,567,632</u>
	<u>1,631,065</u>	<u>1,787,313</u>	<u>1,787,659</u>	<u>1,009,153</u>	<u>892,884</u>	<u>1,090,667</u>	<u>1,004,683</u>	<u>1,945,804</u>	<u>1,716,503</u>
Annual Surplus (Deficit)	507,121	713,759	1,300,527	(100,565)	(78,940)	(67,712)	66,313	97,629	(73,734)

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2019

20. Segmented Disclosure (continued):

Year ended March 31, 2019:

	Employment Program			Consolidated Totals		
	2019 Budget \$	2019 Actual \$	2018 Actual \$	2019 Budget \$	2019 Actual \$	2018 Actual \$
Revenue						
Indigenous Services Canada	137,239	112,159	-	3,486,906	3,371,410	3,496,969
Ottawa Trust Funds	-	-	-	2,500	9,252	4,164
Canada Mortgage and Housing Corporation	-	-	-	104,075	90,714	196,100
First Nations Health Authority - Set Contribution	15,000	15,000	-	87,335	127,422	112,648
Income from Government Business Partnerships	-	-	-	785,000	2,521,746	3,686,777
Province of British Columbia	-	-	-	329,999	329,999	277,537
Taxation	-	-	-	2,342,320	2,354,062	2,287,264
Other Revenue	70,647	57,764	34,000	3,934,256	5,257,384	4,488,990
	<u>222,886</u>	<u>184,923</u>	<u>34,000</u>	<u>11,072,391</u>	<u>14,061,989</u>	<u>14,550,449</u>
Expenses						
Wages and Benefits	35,944	36,038	27,473	1,935,029	1,918,913	1,669,201
Interest and Bank Charges	-	-	-	160,050	160,634	160,612
Amortization	-	-	-	819,100	429,666	518,961
Other Expenses	423,379	87,334	40,063	7,500,011	7,913,656	7,944,955
	<u>459,323</u>	<u>123,372</u>	<u>67,536</u>	<u>10,414,190</u>	<u>10,422,869</u>	<u>10,293,729</u>
Annual Surplus (Deficit)	(236,437)	61,551	(33,536)	658,201	3,639,120	4,256,720