

CAMPBELL RIVER INDIAN BAND

Consolidated Financial Statements

March 31, 2020

MANAGEMENT REPORT

March 31, 2020

The Council of the Campbell River Indian Band has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of the Campbell River Indian Band. The financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and that financial records are reliable for preparation of the financial statements. These systems are monitored and evaluated by management.

The Campbell River Indian Band's independent auditors, Chan Nowosad Boates Inc., Chartered Professional Accountants, are engaged to express an opinion as to whether these financial statements present fairly the Campbell River Indian Band's financial position and operating results in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards. These statements present, in all significant respects the financial position of the Campbell River Indian Band as at March 31, 2020.

Robert Rodvik

Mr. Robert Rodvik, CPA, CMA
Chief Financial Officer
August 24, 2020

INDEPENDENT AUDITORS' REPORT

To the Chief and Council of the Campbell River Indian Band

Opinion

We have audited the accompanying consolidated financial statements of Campbell River Indian Band (the "Band"), which comprise the statement of financial position as at March 31, 2020, 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 (hereinafter referred to as the "consolidated financial statements").

In our opinion, the Band's consolidated financial statements present fairly, in all material respects, the financial position of the Band as at March 31, 2020, and its financial performance and its cash flows for the year then ended. The consolidated financial statements have been prepared by management in accordance with Canadian public sector standards.

Basis of 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 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 of 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 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 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 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.

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.

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

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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Band 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.
- 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

A qualified audit opinion was provided for the fiscal year ended March 31, 2019 for which comparative information is presented within the consolidated financial statements. An audit of one of the Band's Government Business Partnerships had a qualified audit opinion issued on its financial statements for the years ending March 31, 2018 and 2019. Accordingly, we were not able to determine if any adjustment was 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 year ending March 31, 2019, included within these consolidated financial statements.

Chan Nowsal Boates

Chartered Professional Accountants
Campbell River, BC

August 24, 2020

CAMPBELL RIVER INDIAN BAND

Consolidated Statement of Financial Position

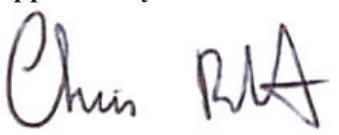
March 31, 2020

2020

2019

	\$	\$
FINANCIAL ASSETS		
Cash and Cash Equivalents (Note 2)	14,377,921	11,804,327
Trust Funds Held by Federal Government (Note 3)	214,824	214,824
Accounts Receivable (Note 4)	1,351,656	1,068,488
Inventory (Note 5)	318,233	289,455
Portfolio Investments (Note 6)	110	-
Investments in Government Business Partnerships (Note 7)	<u>22,614,837</u>	<u>20,951,140</u>
	<u>38,877,581</u>	<u>34,328,234</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 8)	1,053,004	895,063
Deferred Revenue (Note 9)	5,091,043	4,599,229
Long Term Debt (Note 10)	<u>3,965,943</u>	<u>4,222,765</u>
	<u>10,109,990</u>	<u>9,717,057</u>
NET FINANCIAL ASSETS	<u>28,767,591</u>	<u>24,611,177</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses	20,071	37,254
Tangible Capital Assets (Note 11)	<u>17,356,768</u>	<u>17,530,615</u>
	<u>17,376,839</u>	<u>17,567,869</u>
ACCUMULATED SURPLUS (Note 15)	<u>46,144,430</u>	<u>42,179,046</u>

Approved by:



Chief



Councillor

CAMPBELL RIVER INDIAN BAND

Consolidated Statement of Operations and Accumulated Surplus

Year Ended March 31, 2020

	2020		2019
	Actual	Budget	\$
	\$	\$	\$
Revenue			
Federal Government:			
Indigenous Services Canada	3,562,314	3,945,832	3,371,410
Ottawa Trust Funds	6,099	5,000	9,252
Canada Mortgage and Housing Corporation	107,828	124,473	90,714
First Nations Health Authority - Set Contribution	76,758	73,335	127,422
Province of British Columbia	413,416	413,416	329,999
School District 72	52,258	51,920	44,704
Taxation	2,403,450	2,389,166	2,354,062
Income from Government Business Partnerships	2,981,965	621,929	2,521,746
Rent and Land Leases	931,919	856,869	923,228
Sales	2,634,291	1,714,195	2,944,465
Other	2,060,731	4,332,606	1,344,987
	<u>15,231,029</u>	<u>14,528,741</u>	<u>14,061,989</u>
Expenditures			
Band Government	3,893,696	64,015,489	3,605,341
Education	1,872,651	2,184,080	1,933,188
Health	175,986	138,692	134,967
Economic Development	1,653,518	3,307,314	1,787,313
Housing and Lands	1,118,117	1,125,582	892,884
Community and Social Services	2,289,448	752,916	1,945,804
Employment Programs	262,229	389,080	123,372
	<u>11,265,645</u>	<u>71,913,153</u>	<u>10,422,869</u>
Annual Surplus	3,965,384	<u>(57,384,412)</u>	3,639,120
Accumulated Surplus - Beginning of Year		<u>42,179,046</u>	<u>38,539,926</u>
Accumulated Surplus - End of Year		<u>46,144,430</u>	<u>42,179,046</u>

CAMPBELL RIVER INDIAN BAND

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2020

	2020		2019
	Actual	Budget	\$
	\$	\$	\$
	(Note 18)		
Annual Surplus	<u>3,965,384</u>	<u>(57,384,412)</u>	<u>3,639,120</u>
Purchase of Tangible Capital Assets	(442,779)	-	(395,698)
Amortization of Tangible Capital Assets	574,121	531,000	542,506
Disposal of Tangible Capital Assets	<u>42,505</u>	<u>-</u>	<u>-</u>
	<u>173,847</u>	<u>531,000</u>	<u>146,808</u>
Use of Prepaid Asset	<u>17,183</u>	<u>-</u>	<u>25,968</u>
Increase in Net Financial Assets	<u>4,156,414</u>	<u>(56,853,412)</u>	<u>3,811,896</u>
Net Financial Assets - Beginning of Year	<u>24,611,177</u>		<u>20,799,281</u>
Net Financial Assets - End of Year	<u>28,767,591</u>		<u>24,611,177</u>

CAMPBELL RIVER INDIAN BAND

Consolidated Statement of Cash Flows

Year Ended March 31, 2020

2020

2019

\$ \$

Cash Flows From Operating Activities:

Cash Flows from Government and Other Sources	12,457,600	11,363,671
Cash Paid to Suppliers and Employees	(10,652,848)	(10,376,473)
	<u>1,804,752</u>	<u>987,198</u>

Cash Flows From Investing Activities:

Purchase of Portfolio Investments	(110)	-
Distributions from Government Business Partnerships	1,426,048	120,744
Purchase of Tangible Capital Assets	(442,779)	(395,698)
Disposal of Tangible Capital Assets	<u>42,505</u>	<u>-</u>
	<u>1,025,664</u>	<u>(274,954)</u>

Cash Flows From Financing Activities:

Repayment of Long Term Debt	<u>(256,822)</u>	<u>(305,157)</u>
Increase in Cash and Cash Equivalents	2,573,594	407,087
Cash and Cash Equivalents - Beginning of Year	11,804,327	11,397,240
Cash and Cash Equivalents - End of Year	<u>14,377,921</u>	<u>11,804,327</u>

Cash is Represented by:

Cash on Hand and Held in Banks (Note 2)	14,301,297	11,684,712
Restricted Cash (Note 2)	76,624	119,615
	<u>14,377,921</u>	<u>11,804,327</u>

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2020

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 Band, 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) Portfolio Investments

Investments in limited partnerships without control or significant influence are accounted for as portfolio investments using the cost method. Investments will be recorded at cost and any share of income received will be recognized as income when received or receivable.

g) 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, 2020.

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 Band 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.

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued):

h) 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>2020</u> \$	<u>2019</u> \$
Externally Restricted		
Social Housing Replacement Reserve	67,773	60,964
Social Housing Operating Reserve	<u>8,851</u>	<u>58,651</u>
	<u>76,624</u>	<u>119,615</u>
Unrestricted		
Operating	<u>14,301,297</u>	<u>11,684,712</u>
	<u>14,377,921</u>	<u>11,804,327</u>

3. Trust Funds Held by Federal Government:

	<u>2019</u> \$	<u>Additions</u> \$	<u>Withdrawals</u> \$	<u>2020</u> \$
Capital	214,824	-	-	214,824
Revenue	<u>-</u>	<u>6,099</u>	<u>(6,099)</u>	<u>-</u>
	<u>214,824</u>	<u>6,099</u>	<u>(6,099)</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, 2020

4. Accounts Receivable:

	<u>2020</u> \$	<u>2019</u> \$
Due from Discovery Harbour Authority	108,310	108,310
Due from Indigenous Services Canada	58,224	147,404
Due from Canada Mortgage and Housing Canada	25,048	4,507
Due from Taxpayers	611,575	597,292
Due from Nyrstar Myra Falls Ltd.	-	93,703
Due from Others	872,272	427,428
Due from Members	<u>184,449</u>	<u>132,892</u>
	1,859,878	1,511,536
Less: Allowance for Doubtful Accounts	<u>(508,222)</u>	<u>(443,048)</u>
	<u>1,351,656</u>	<u>1,068,488</u>

5. Inventory:

	<u>2020</u> \$	<u>2019</u> \$
We Wai Kum House of Treasures	<u>318,233</u>	<u>289,455</u>

The cost of inventories recognized as an expense and included in expenditures amounted to \$260,771 (2019 - \$305,134).

6. Portfolio Investments:

Portfolio investments consist of an investment in the BC Gaming First Nations Revenue Sharing LP which is recorded at cost as described in Note 1.

7. Investments in Government Business Partnerships:

	<u>2020</u> \$	<u>2019</u> \$
CRIBCO Limited Partnership (99.99%)	8,573,686	7,695,367
CRIBCO Forest Products Limited Partnership (99.99%)	3,727,174	3,729,878
A-tlegay Fisheries Limited Partnership (23.50%)	1,113,977	967,027
Laich-Kwil-Tach Environmental Assessments LP (50.00%)	901,377	790,557
Discovery Harbour Shopping Centre (25.00%)	3,172,569	2,856,647
Discovery Crescent Shopping Centre (50.00%)	2,076,132	1,893,901
Discovery Residential Holdings Ltd. (Lot 4) Joint Venture (50.00%)	221,409	219,553
Laich-Kwil-Tach Wood Trucking Joint Venture (45.00%)	52,231	73,752
Nanwakolas Timber Limited Partnership (17.31%)	2,637,683	2,642,182
Knight Inlet Grizzly Tours Ltd. - Indirect Ownership (17.31%)	<u>138,599</u>	<u>82,276</u>
	<u>22,614,837</u>	<u>20,951,140</u>

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2020

7. 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.

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

	Natural Resource Businesses	Real Estate Businesses	Commercial and Tourism Businesses	Total 2020	Total 2019
	\$	\$	\$	\$	\$
Total Assets	<u>27,011,337</u>	<u>11,567,653</u>	<u>16,204,622</u>	<u>54,783,612</u>	<u>46,001,128</u>
Total Liabilities	1,380,969	32,627,832	3,899,905	37,908,706	38,343,991
Total Equity (Deficit)	<u>25,630,368</u>	<u>(21,060,179)</u>	<u>12,304,717</u>	<u>16,874,906</u>	<u>7,657,137</u>
Total Liabilities and Equity	<u>27,011,337</u>	<u>11,567,653</u>	<u>16,204,622</u>	<u>54,783,612</u>	<u>46,001,128</u>
Revenue	4,624,860	7,345,729	15,764,310	27,734,899	30,299,266
Expenses	<u>1,953,056</u>	<u>4,769,867</u>	<u>14,560,572</u>	<u>21,283,495</u>	<u>23,175,628</u>
Net Income	<u>2,671,804</u>	<u>2,575,862</u>	<u>1,203,738</u>	<u>6,451,404</u>	<u>7,123,638</u>

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2020

8. Accounts Payable and Accrued Liabilities:

	<u>2020</u> \$	<u>2019</u> \$
Government Remittances Payable	67,901	81,168
City of Campbell River	240,767	289,097
School District #72	373,014	104,451
CRIBCO Forest Products Limited Partnership	-	185,525
Other Trade Payables	<u>371,322</u>	<u>234,822</u>
	<u>1,053,004</u>	<u>895,063</u>

9. Deferred Revenue:

	<u>2019</u> \$	<u>Funding Received</u> \$	<u>Revenue Recognized</u> \$	<u>2020</u> \$
Indigenous Services Canada (ISC)				
ISC - Fixed Funding	-	434,245	(254,527)	179,718
ISC - Set Funding	-	20,000	(450)	19,550
ISC - Flexible Funding	-	58,224	(9,971)	48,253
ISC - Grant Funding	<u>-</u>	<u>274,981</u>	<u>(194,987)</u>	<u>79,994</u>
	<u>-</u>	<u>787,450</u>	<u>(459,935)</u>	<u>327,515</u>
Prepaid Rent				
Home Depot - Prepaid Rent	1,626,877	-	(42,671)	1,584,206
Walmart - Prepaid Rent	2,963,983	-	(75,469)	2,888,514
Nyrstar - Prepaid Rend	-	374,812	(93,703)	281,109
Pacific Marine - Prepaid Rent	-	66,100	(60,500)	5,600
Members - Prepaid Social Housing Rent (Deposit)	<u>(702)</u>	<u>702</u>	<u>-</u>	<u>-</u>
	<u>4,590,158</u>	<u>441,614</u>	<u>(272,343)</u>	<u>4,759,429</u>
Sales and Other				
House of Treasures - Prepaid Sales	9,071	6,643	(11,615)	4,099
	<u>4,599,229</u>	<u>1,235,707</u>	<u>(743,893)</u>	<u>5,091,043</u>

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2020

10. Long Term Debt:

	<u>2020</u>	<u>2019</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
Bank of Montreal (New Band Office): Repayable at \$16,407 per month including interest at 2.86% per annum; matures on August 31, 2021	2,191,207	2,310,931
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; due May 1, 2020	35,154	42,047
Bank of Montreal (6 - Plex): Repayable at \$1,469 per month including interest at 2.86% per annum; matures on August 31, 2021	194,307	204,702
TD Canada Trust (Social Housing): Repayable at \$1,417 per month including interest at 3.02% per annum; guaranteed by Canada Mortgage and Housing Corporation; due October 1, 2021	26,262	60,992
Bank of Montreal (Campsite): Repayable at \$1,468 per month including interest at 3.85% per annum; matures on April 30, 2020	1,418	18,619
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; due March 1, 2024	348,144	369,244
All Nations Trust Company (Social Housing): Repayable at \$577 per month including interest at 1.89% per annum; guaranteed by Canada Mortgage and Housing Corporation; due November 1, 2024	113,660	118,427
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; due August 1, 2021	417,840	435,149
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; due April 1, 2023	637,951	591,225
Total Long Term Debt	<u>3,965,943</u>	<u>4,222,765</u>

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2020

10. Long Term Debt (continued):

Interest expense on long term debt for the year ended March 31, 2020 is \$103,992 (2019 - \$108,386). Scheduled principal repayments for the next five years is estimated as follows:

	\$
2021	222,901
2022	220,075
2023	215,487
2024	220,768
2025 and Thereafter	3,086,712

11. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening \$	Additions \$	Disposals \$	Closing \$	Opening \$	Amort \$	Disposals \$	Closing \$	2020 \$	2019 \$
Land	6,651,765	-	-	6,651,765	-	-	-	-	6,651,765	6,651,765
Buildings	10,142,317	209,998	99,631	10,252,684	2,525,326	325,620	57,126	2,793,820	7,458,864	7,616,991
Community										
Infrastructure	4,455,384	-	-	4,455,384	1,479,954	161,200	-	1,641,154	2,814,230	2,975,430
Furniture, Equipment and Vehicles	876,604	232,781	-	1,109,385	590,175	87,301	-	677,476	431,909	286,429
Total	22,126,070	442,779	99,631	22,469,218	4,595,455	574,121	57,126	5,112,450	17,356,768	17,530,615

12. 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 \$7,289,625 (2019 - \$7,498,708) with respect to loans from the Bank of Montreal for Band members for homes built on reserve land.
- b) The Band had signed promissory notes and First Nation Negotiation Support Agreements totaling \$4,391,871 up to March 31, 2020 (2019 - \$4,391,871), representing advances made by Canada for negotiations. As of March 31, 2020, the total of \$4,391,871 in comprehensive land claim negotiation loan debt was forgiven by the Federal Government of Canada.
- c) The Band is contingently liable for \$7,970,073 (2019 - \$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, 2020

13. 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:

	\$
2021	11,952
2022	11,952
2023	<u>6,972</u>
	<u><u>30,876</u></u>

14. 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 \$75,527 (2019 - \$52,005) for its retirement benefits. The Band does not have any other obligation with regards to the pension plan as at March 31, 2020.

15. Accumulated Surplus:

	<u>2020</u>	<u>2019</u>
Internally Restricted		
Equity in Tangible Capital Assets	13,044,994	12,976,639
Externally Restricted		
Equity in Ottawa Trust	214,824	214,824
Unrestricted		
Operating Surplus	<u>32,884,612</u>	<u>28,987,583</u>
Total Surplus	<u><u>46,144,430</u></u>	<u><u>42,179,046</u></u>

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 2020 was \$124,473 (2019 - \$90,714).

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2020

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.

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 2020 totaled \$671,398 (2019 - \$495,644).

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.

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.

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 Chief and Council and have not been audited.

19. Subsequent Event:

The Band evaluated its March 31, 2020 financial statements for subsequent events to the date the financial statements were issued. As of this date, the global outbreak of the coronavirus disease (COVID-19) has caused economic uncertainties that are likely to have a material impact on the annual surplus of the Band and a material negative impact on the Government Business Partnerships of the Band for the year ending March 31, 2021.

The extent that the effects of COVID-19 may have on the Band and its operations for the year ending March 31, 2021 cannot be determined at this time.

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2020

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, 2020:

	Band Government			Education			Health		
	2020 Budget \$	2020 Actual \$	2019 Actual \$	2020 Budget \$	2020 Actual \$	2019 Actual \$	2020 Budget \$	2020 Actual \$	2019 Actual \$
Revenues									
Indigenous Services Canada	693,529	645,276	444,060	1,702,721	1,648,261	1,565,202	-	-	-
Ottawa Trust Funds	-	-	9,252	-	-	-	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	-	-
First Nations Health Authority - Set Contribution	-	-	-	2,000	2,000	1,000	71,335	74,758	111,422
Income from Government Business Partnerships	-	-	2,472,996	-	-	-	-	-	-
Taxation	2,389,166	2,403,450	2,354,062	-	-	-	-	-	-
Other Revenue	<u>1,954,799</u>	<u>301,807</u>	<u>1,024,155</u>	<u>473,592</u>	<u>422,801</u>	<u>489,635</u>	<u>67,357</u>	<u>44,500</u>	<u>46,833</u>
	<u>5,037,494</u>	<u>3,350,533</u>	<u>6,304,525</u>	<u>2,178,313</u>	<u>2,073,062</u>	<u>2,055,837</u>	<u>138,692</u>	<u>119,258</u>	<u>158,255</u>
Expenses									
Wages and Benefits	673,820	684,992	703,092	521,587	432,501	407,429	47,167	47,148	27,597
Interest and Bank Charges	94,646	93,106	83,858	-	-	-	-	-	-
Amortization	320,000	349,931	329,132	-	-	-	-	-	-
Other Expenses	<u>62,927,023</u>	<u>2,765,667</u>	<u>2,489,259</u>	<u>1,662,493</u>	<u>1,440,150</u>	<u>1,525,759</u>	<u>91,525</u>	<u>128,838</u>	<u>107,370</u>
	<u>64,015,489</u>	<u>3,893,696</u>	<u>3,605,341</u>	<u>2,184,080</u>	<u>1,872,651</u>	<u>1,933,188</u>	<u>138,692</u>	<u>175,986</u>	<u>134,967</u>
Annual Surplus (Deficit)	(58,977,995)	(543,163)	2,699,184	(5,767)	200,411	122,649	-	(56,728)	23,288

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2020

20. Segmented Disclosure (continued):

Year ended March 31, 2020:

	Economic Development			Housing and Lands			Community and Social Services		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Indigenous Services Canada	36,736	36,736	38,438	758,184	573,728	611,174	617,424	536,653	600,377
Ottawa Trust Funds	5,000	6,099	-	-	-	-	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	124,473	107,828	90,714	-	-	-
First Nations Health Authority - Set Contribution	-	-	-	-	-	-	-	-	-
Income from Government									
Business Partnerships	621,929	2,981,965	48,750	-	-	-	-	-	-
Province of British Columbia	413,416	413,416	329,999	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	-
Other Revenue	<u>3,527,938</u>	<u>2,521,657</u>	<u>2,083,885</u>	<u>615,718</u>	<u>580,950</u>	<u>112,056</u>	<u>257,330</u>	<u>1,729,483</u>	<u>1,443,056</u>
	<u>4,605,019</u>	<u>5,959,873</u>	<u>2,501,072</u>	<u>1,498,375</u>	<u>1,262,506</u>	<u>813,944</u>	<u>874,754</u>	<u>2,266,136</u>	<u>2,043,433</u>
Expenses									
Wages and Benefits	643,831	499,064	438,739	325,542	286,664	163,142	157,562	297,059	142,876
Interest and Bank Charges	58,014	42,009	31,467	38,211	37,892	39,890	1,702	1,702	5,419
Amortization	111,000	50	1,014	100,000	116,470	99,520	-	-	-
Other Expenses	<u>2,494,469</u>	<u>1,112,395</u>	<u>1,316,093</u>	<u>661,829</u>	<u>677,091</u>	<u>590,332</u>	<u>593,652</u>	<u>1,990,687</u>	<u>1,797,509</u>
	<u>3,307,314</u>	<u>1,653,518</u>	<u>1,787,313</u>	<u>1,125,582</u>	<u>1,118,117</u>	<u>892,884</u>	<u>752,916</u>	<u>2,289,448</u>	<u>1,945,804</u>
Annual Surplus (Deficit)	<u>1,297,705</u>	<u>4,306,355</u>	<u>713,759</u>	<u>372,793</u>	<u>144,389</u>	<u>(78,940)</u>	<u>121,838</u>	<u>(23,312)</u>	<u>97,629</u>

CAMPBELL RIVER INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2020

20. Segmented Disclosure (continued):

Year ended March 31, 2020:

	Employment Program			Consolidated Totals		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$	\$	\$	\$
Revenues						
Indigenous Services Canada	137,238	121,660	112,159	3,945,832	3,562,314	3,371,410
Ottawa Trust Funds	-	-	-	5,000	6,099	9,252
Canada Mortgage and Housing Corporation	-	-	-	124,473	107,828	90,714
First Nations Health Authority - Set Contribution	-	-	15,000	73,335	76,758	127,422
Income from Government Business Partnerships	-	-	-	621,929	2,981,965	2,521,746
Province of British Columbia	-	-	-	413,416	413,416	329,999
Taxation	-	-	-	2,389,166	2,403,450	2,354,062
Other Revenue	<u>58,856</u>	<u>78,001</u>	<u>57,764</u>	<u>6,955,590</u>	<u>5,679,199</u>	<u>5,257,384</u>
	<u>196,094</u>	<u>199,661</u>	<u>184,923</u>	<u>14,528,741</u>	<u>15,231,029</u>	<u>14,061,989</u>
Expenses						
Wages and Benefits	116,047	130,200	36,038	2,485,556	2,377,628	1,918,913
Interest and Bank Charges	-	-	-	192,573	174,709	160,634
Amortization	-	-	-	531,000	466,451	429,666
Other Expenses	<u>273,033</u>	<u>132,029</u>	<u>87,334</u>	<u>68,704,024</u>	<u>8,246,857</u>	<u>7,913,656</u>
	<u>389,080</u>	<u>262,229</u>	<u>123,372</u>	<u>71,913,153</u>	<u>11,265,645</u>	<u>10,422,869</u>
Annual Surplus (Deficit)	<u>(192,986)</u>	<u>(62,568)</u>	<u>61,551</u>	<u>(57,384,412)</u>	<u>3,965,384</u>	<u>3,639,120</u>