

**Mamalilikulla First Nation**  
**Consolidated Financial Statements**  
*March 31, 2020*

# Mamalilikulla First Nation

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*For the year ended March 31, 2020*

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## Management's Responsibility

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To the Members of Mamalilikulla First Nation

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

Management is responsible for the preparation and presentation of the accompanying 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 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 financial statements.

The Mamalilikulla First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the 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 Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP is appointed by the members to audit the 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 Chief and Council and management to discuss their audit findings.

July 23, 2020

E-signed by: Sonia Roberts

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Band Administrator

# Independent Auditor's Report

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To the Members of Mamalilikulla First Nation:

## Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2020, and the results of its consolidated operations 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 First 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 First 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 liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First 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 First 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 First 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 First 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 First 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.

Nanaimo, British Columbia

July 23, 2020

*MNP LLP*

Chartered Professional Accountants

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

	2020	2019
<b>Financial assets</b>		
Cash resources	3,636,900	655,021
Accounts receivable (Note 3)	159,057	38,109
Guaranteed investment certificates	-	1,000,000
Restricted cash (Note 4)	33,893	33,893
Funds held in trust (Note 5)	79,660	1,299,826
Advances to related parties (Note 6)	176,663	160,137
Investment in First Nation business enterprises (Note 7)	1,217,855	587,759
Investments in First Nation partnerships (Note 7)	3,904,460	3,895,921
<b>Total of financial assets</b>	<b>9,208,488</b>	<b>7,670,666</b>
<b>Liabilities</b>		
Accounts payable and accruals	51,038	49,946
Deferred revenue	125,969	50,000
Advances from related parties (Note 8)	284,851	-
Long-term debt (Note 9)	136,481	149,607
<b>Total of financial liabilities</b>	<b>598,339</b>	<b>249,553</b>
<b>Net financial assets</b>	<b>8,610,149</b>	<b>7,421,113</b>
<b>Contingent liabilities</b> (Note 10)		
<b>Significant event</b> (Note 18)		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	996,076	756,853
Prepaid expenses (Note 11)	179,748	5,998
<b>Total non-financial assets</b>	<b>1,175,824</b>	<b>762,851</b>
<b>Accumulated surplus</b> (Note 16)	<b>9,785,973</b>	<b>8,183,964</b>

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

Signed by: Brad Puglas

**Councillor**

Signed by: Bert Boucher

**Councillor**

# Mamalilikulla First Nation

## Consolidated Statement of Operations and Accumulated Surplus (Deficit)

*For the year ended March 31, 2020*

	<i>Schedules</i>	<i>2020 Budget (Note 17)</i>	<i>2020</i>	<i>2019</i>
<b>Revenue</b>				
Indigenous Services Canada (Note 12)		529,029	610,321	594,380
Province of BC		162,558	185,041	557,779
Other revenue		541,774	599,134	474,455
Gaming revenue		-	553,622	-
First Nation Health Authority		-	7,927	-
Canada Mortgage and Housing Corporation		-	1,661	1,661
Earnings from investment in Nation partnerships		331,864	876,299	1,033,777
Earnings from investment in Nation business entities		-	292,008	195,450
Interest income		8,640	69,719	24,624
Cost recoveries		-	272,162	-
		<b>1,573,865</b>	<b>3,467,894</b>	<b>2,882,126</b>
<b>Expenses</b>				
Band Government	3	954,462	1,164,473	935,499
Economic Development	4	637,770	681,276	775,363
Social Housing	5	-	20,136	16,887
		<b>1,592,232</b>	<b>1,865,885</b>	<b>1,727,749</b>
<b>Annual surplus (deficit)</b>		<b>(18,367)</b>	<b>1,602,009</b>	<b>1,154,377</b>
<b>Accumulated surplus, beginning of year</b>		<b>8,183,964</b>	<b>8,183,964</b>	<b>7,029,587</b>
<b>Accumulated surplus, end of year</b>		<b>8,165,597</b>	<b>9,785,973</b>	<b>8,183,964</b>

*The accompanying notes are an integral part of these financial statements*

**Mamalilikulla First Nation**  
**Consolidated Statement of Change in Net Financial Assets**  
*For the year ended March 31, 2020*

	<i>2020 Budget (Note 17)</i>	<i>2020</i>	<i>2019</i>
<b>Annual surplus (deficit)</b>	<b>(18,367)</b>	<b>1,602,009</b>	<b>1,154,377</b>
Purchases of tangible capital assets	-	<b>(328,887)</b>	(395,804)
Amortization of tangible capital assets	-	<b>68,284</b>	40,964
Proceeds of disposal of tangible capital assets	-	-	20,000
Loss on disposal of tangible capital assets	-	<b>21,380</b>	10,129
Increase in prepaid expenses	-	<b>(173,750)</b>	-
<b>Increase (decrease) in net financial assets</b>	<b>(18,367)</b>	<b>1,189,036</b>	<b>829,666</b>
<b>Net financial assets, beginning of year</b>	<b>7,421,113</b>	<b>7,421,113</b>	<b>6,591,447</b>
<b>Net financial assets, end of year</b>	<b>7,402,746</b>	<b>8,610,149</b>	<b>7,421,113</b>

*The accompanying notes are an integral part of these financial statements*



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

	2020	2019
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	1,602,009	1,154,377
Non-cash items		
Amortization	68,284	40,964
Bad debts	-	92,789
Loss on disposal of tangible capital assets	21,380	10,129
Earnings from investment in First Nation partnerships	(876,299)	(1,033,777)
Earnings from investment in First Nation business enterprises	(292,008)	(195,450)
	523,366	69,032
Changes in working capital accounts		
Accounts receivable	(120,948)	(35,035)
Prepaid expenses	(173,750)	-
Accounts payable and accruals	1,092	(12,422)
Deferred revenue	75,969	(177,105)
	305,729	(155,530)
<b>Financing activities</b>		
Repayment of long-term debt	(13,126)	(12,384)
<b>Capital activities</b>		
Purchases of tangible capital assets	(328,887)	(395,804)
Proceeds of disposal of tangible capital assets	-	20,000
	(328,887)	(375,804)
<b>Investing activities</b>		
Purchase of Guaranteed Investment Certificate	-	(1,000,000)
Decrease (increase) in funds held in trust	1,220,167	(15,946)
Redemption of Guaranteed Investment Certificate	1,000,000	-
Advances to related parties	-	(34,840)
Advances from related parties	268,324	-
Distributions from First Nation partnerships	529,672	1,071,800
	3,018,163	21,014
<b>Increase (decrease) in cash resources</b>	<b>2,981,879</b>	<b>(522,704)</b>
<b>Cash resources, beginning of year</b>	<b>655,021</b>	<b>1,177,725</b>
<b>Cash resources, end of year</b>	<b>3,636,900</b>	<b>655,021</b>

**1. Operations**

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

**2. Significant accounting policies**

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

***Reporting entity***

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities and First Nation business partnerships.

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

- Social Housing

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.

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

Mamalilikulla First Nation business partnerships, jointly owned and controlled by the First Nation's Chief and Council but not dependent on the First 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 First Nation. Thus, the First 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. Entities accounted for by the modified equity basis include:

- Nanwakolas Carbon Credit Limited Partnership (23% ownership)
- Nanwakolas Forestry Limited Partnership (18% ownership)
- Nanwakolas Offset Limited Partnership (26% ownership)
- Nanwakolas Timber Limited Partnership (21% ownership)
- Nanwakolas Business Corporation
- Mamalilikulla Economic Development Corporation (Wholly owned)
- Mamalilikulla Economic Development Limited Partnership (Wholly owned)

***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.

***Cash resources***

Cash resources includes balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

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

***Tangible capital assets***

Tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible assets are recorded at their fair value at the date of contribution.

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

***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. Assets under construction are not amortized until completion.

	<b><i>Method</i></b>	<b><i>Rate</i></b>
Buildings	declining balance	5 %
Automotive equipment	declining balance	30 %
Equipment	declining balance	20 %
Boats	declining balance	15 %
Social Housing	declining balance	5 %
Docks	declining balance	5 %

***Long-lived assets***

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

The First 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. Impairment losses are recognized when asset's service potential is reduced. Impairment is measured as the amount by which the assets' carrying amount exceeds its fair value. Any impairment is included in surplus for the year. Prices for similar items are used to measure fair value of long-lived assets.

The First Nation does not perform impairment testing on its long-lived assets that are held for public administration and situated on its reserve land as it is not possible to determine their fair market value.

***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.

***Net financial assets***

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

***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 First 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 First 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 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, 2020, no liability for contaminated sites exists.

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

***Funds held in trust***

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the 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 First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

***Revenue recognition***

i) *Government Funding*

The First 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) *First Nation Capital and Revenue Trust Funds*

The First 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) *Canada Mortgage and Housing Corporation ("CMHC")*

CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

iv) *Housing rental income*

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

v) *Own source and other revenue*

Own source and other revenue is recognized when performance is completed, amounts are measurable and collection is reasonably assured.

vi) *Investment income*

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

***Segments***

The First Nation conducts its business through a number of reportable segments as described in Note 11. 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.

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

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

**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 expenditures during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Expenditures that relate to on-going environmental and remediation programs are charged against operations as incurred. A liability for a contaminated site reflects management's best estimate of the amount required to remediate the contaminated site. The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future site remediation.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

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

**3. Accounts receivable**

	2020	2019
Indigenous Service Canada	89,888	-
'Namgis First Nation	69,031	26,169
Canada Mortgage and Housing Corporation	138	138
First Nation Education Steering Committee	-	11,802
	<b>159,057</b>	<b>38,109</b>

**4. Restricted cash**

	2020	2019
Social Housing Replacement Reserve	26,137	26,137
Social Housing Operating Reserve	7,756	7,756
	<b>33,893</b>	<b>33,893</b>

**Social Housing Reserves**

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited in the amount of \$2,000 (2019 - \$2,000) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, these reserves were under-funded by \$2,440 (2019 - \$440).

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), excess revenues over expenditures for the Post 1996 phases may be retained in an operating reserve. These funds along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At year end, the operating reserve was adequately funded (2019 - adequately funded)

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

**5. Funds held in trust**

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

	2020	2019
<b>Capital Trust</b>		
Balance, beginning of year	30,122	30,122
<b>Revenue Trust</b>		
Balance, beginning of year	1,269,704	1,253,757
Interest	32,615	14,969
British Columbia special distribution	976	978
	1,303,295	1,269,704
Less: Transfers to Nation (Band Council Resolution: 10-12-2019)	1,253,757	-
Balance, end of year	49,538	1,269,704
	79,660	1,299,826

**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*.

**6. Advances to related parties**

Advances to related parties are unsecured, non-interest bearing and due on demand. These entities are related by virtue of common control or joint control by the Nation.

	2020	2019
DMT Fisheries Society	67,958	55,016
Mamalilikulla Forestry Limited Partnership	108,705	105,121
	176,663	160,137

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

**7. Investment in First Nation business entities**

The First Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Share of earnings (loss)</i>	<i>Contributions / draws</i>	<i>Other adjustments</i>	<i>2020 Total investment</i>
<b>First Nation Business Enterprises:</b>						
Mamalilikulla Economic Development Corporation - 100%	2,711	338,088	2,140	-	-	342,939
Mamalilikulla Economic Development LP - 100%	585,048	-	289,868	-	-	874,916
	<b>587,759</b>	<b>338,088</b>	<b>292,008</b>	<b>-</b>	<b>-</b>	<b>1,217,855</b>
<b>First Nation Business Partnerships:</b>						
Nanwakolas Carbon Credit LP - 23%	144,261	-	(1,150)	(126,874)	-	16,237
Nanwakolas Forestry LP - 18%	72,976	-	(1,178)	(70,933)	-	865
Nanwakolas Offset LP - 26%	511,893	-	561,030	(331,865)	-	741,058
Nanwakolas Timber LP - 21%	3,166,790	-	317,597	(338,088)	-	3,146,299
Nanwakolas Business Corporation - 17%	1	-	-	-	-	1
	<b>3,895,921</b>	<b>-</b>	<b>876,299</b>	<b>(867,760)</b>	<b>-</b>	<b>3,904,460</b>
	<b>4,483,680</b>	<b>338,088</b>	<b>1,168,307</b>	<b>(867,760)</b>	<b>-</b>	<b>5,122,315</b>

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

**7. Investment in First Nation business entities** *(Continued from previous page)*

2019

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Share of earnings (loss)</i>	<i>Contributions / draws</i>	<i>Other adjustments</i>	<i>Total investment</i>
<b>First Nation Business Enterprises:</b>						
Mamalilikulla Qwe'Qwa'Sot'Em First Nation Business Trust - 100%	1,578,956	-	-	(1,071,800)	(507,156)	-
Mamalilikulla Economic Development Corporation - 100%	(749)	2,248	1,212	-	-	2,711
Mamalilikulla Economic Development LP - 100%	-	(99)	194,238	99	390,810	585,048
	1,578,207	2,149	195,450	(1,071,701)	(116,346)	587,759
<b>First Nation Business Partnerships:</b>						
Nanwakolas Carbon Credit LP - 23%	19,040	-	125,221	-	-	144,261
Nanwakolas Forestry LP - 18%	72,298	-	678	-	-	72,976
Nanwakolas Offset LP - 26%	101,037	-	410,856	-	-	511,893
Nanwakolas Timber LP - 21%	2,669,768	-	497,022	-	-	3,166,790
Nanwakolas Business Corporation - 17%	1	-	-	-	-	1
	2,862,144	-	1,033,777	-	-	3,895,921
	4,440,351	2,149	1,229,227	(1,071,701)	(116,346)	4,483,680

The First Nation's investment in Mamalilikulla Economic Development Corporation was established for the purposes of running the economic activities of various business endeavours for the First Nation. It owns investments in Mamalilikulla Forestry Corporation and Mamalilikulla Fisheries Corporation.

Mamalilikulla Economic Development Limited Partnership was established for the purposes of running the economic activities of various business endeavours for the First Nation. It owns investments in Mamalilikulla Forestry Limited Partnership and Mamalilikulla Fisheries Limited Partnership. The year-end for the First Nation business entities is December 31, 2019. No significant or unusual transactions occurred between December 31, 2019 and March 31, 2020, therefore the December 31, 2019 figures are included without adjustment.



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

**7. Investment in First Nation business entities** *(Continued from previous page)*

Summary financial information for each First Nation business partnerships and each First Nation business entity, accounted for using the modified equity method, for their respective year-end is as follows:

The below information is unaudited for the following entities:

	<i>Nanwakolas Carbon Credit Limited Partnership As at March 31, 2020 (Unaudited)</i>	<i>Nanwakolas Forestry Limited Partnership As at March 31, 2020 (Unaudited)</i>	<i>Nanwakolas Offset Limited Partnership As at March 31, 2020 (Unaudited)</i>	<i>Nanwakolas Timber Limited Partnership As at March 31, 2020 (Unaudited)</i>
<b>Assets</b>				
Cash	69,547	5,799	3,011,866	8,909,028
Accounts receivable	-	600	510	-
Inventory	-	-	34,947	-
Due from related parties	1,010	-	-	1,209,393
Other	-	-	-	123,473
Investment	-	-	-	5,406,449
<b>Total assets</b>	<b>70,557</b>	<b>6,399</b>	<b>3,047,323</b>	<b>15,648,343</b>
Accounts payable and accruals	-	1,704	110,359	6,981
Due to related parties	-	325	100,000	379,060
Other	-	-	-	34,253
<b>Total liabilities</b>	<b>-</b>	<b>2,029</b>	<b>210,359</b>	<b>420,294</b>
<b>Retained earnings</b>	<b>70,557</b>	<b>4,370</b>	<b>2,836,964</b>	<b>15,228,049</b>
<b>Total revenue</b>	<b>-</b>	<b>15</b>	<b>2,307,195</b>	<b>2,073,738</b>
<b>Total expenses</b>	<b>5,006</b>	<b>6,725</b>	<b>164,224</b>	<b>272,540</b>
<b>Net income (loss)</b>	<b>(5,006)</b>	<b>(6,710)</b>	<b>2,142,971</b>	<b>1,801,198</b>
<b>Comprehensive income (loss)</b>	<b>(5,006)</b>	<b>(6,710)</b>	<b>2,142,971</b>	<b>1,801,198</b>

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

**7. Investment in First Nation business entities** *(Continued from previous page)*

	<i>Nanwakolas Business Corporation As at March 31, 2020 (Unaudited)</i>	<i>Mamalilikulla Economic Development Corporation As at December 31, 2019 (Unaudited)</i>	<i>Mamalilikulla Economic Development Limited Partnership As at December 31, 2019 (Unaudited)</i>
<b>Assets</b>			
Cash	6	1	-
Accounts receivable	-	-	-
Inventory	-	-	-
Due from related parties	-	338,836	1
Other	-	-	-
Investment	40	4,893	894,320
<b>Total assets</b>	<b>46</b>	<b>343,730</b>	<b>894,321</b>
Accounts payable and accruals	-	788	4,417
Due to related parties	40	340,340	9,999
Other	-	-	-
<b>Total liabilities</b>	<b>40</b>	<b>341,128</b>	<b>14,416</b>
<b>Retained earnings</b>	<b>6</b>	<b>2,602</b>	<b>879,905</b>
<b>Total revenue</b>	<b>-</b>	<b>2,928</b>	<b>294,712</b>
<b>Total expenses</b>	<b>-</b>	<b>788</b>	<b>1,916</b>
<b>Net income (loss)</b>	<b>-</b>	<b>2,140</b>	<b>292,796</b>
<b>Comprehensive income (loss)</b>	<b>-</b>	<b>2,140</b>	<b>292,796</b>

**8. Advances from related parties**

Advances from related parties are unsecured, non-interest bearing and due on demand. These entities are related by virtue of common control or joint control by the Nation.

	<b>2020</b>	<b>2019</b>
Mamalilikulla Forestry Corporation	284,851	-

**9. Long-term debt**

	<b>2020</b>	<b>2019</b>
RBC loan, repayable in blended monthly instalments of \$475 bearing interest at RBC prime rate plus 1.55% per annum, secured by a general security agreement, maturing November 2020. At March 31, 2020 RBC prime rate was 2.45%.	3,770	9,470
All Nations Trust Company loan, repayable in blended monthly instalments of \$688, bearing interest at 1.43% per annum, secured by buildings with a net book value of \$88,043 (2019 - \$92,677), renewal April 1, 2022.	54,380	61,806
Government of Canada, repayable when the claim is settled, interest free.	78,331	78,331
	<b>136,481</b>	<b>149,607</b>

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

**9. Long-term debt** *(Continued from previous page)*

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

	Principal
2021	11,302
2022	7,640
2023	7,750
2024	7,862
2025	7,975
	<hr/>
	42,529
Thereafter	93,952
	<hr/>
Total	136,481
	<hr/>

**10. Contingent liabilities**

As at March 31, 2020, there existed outstanding claims against the Band. These claims have been referred to legal counsel. It is not possible to determine the Band's potential liability, if any, with respect to these matters.

**11. Deposit and site investigation for land purchase**

The First Nation entered into a contract of purchase and sale for Menzies Bay lots 3 & 4 on November 18, 2019 for \$2,650,000. The First Nation paid \$140,000 as a deposit and has incurred \$33,750 of consulting fees towards this land purchase. The sale is expected to be completed by September 2020.

**12. Indigenous Services Canada funding reconciliation**

	<b>2020</b>	<b>2019</b>
<b>Direct Band Funding</b>		
ISC revenue per confirmation	<b>653,537</b>	594,380
ISC recoveries during the year	<b>(43,216)</b>	-
	<hr/>	<hr/>
Balance, end of year	<b>610,321</b>	594,380
	<hr/>	<hr/>

**13. Segments**

The First Nation receives revenue and incurs expenses from many different projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by the following segments:

**Band Government:**

Includes general operations, support, and financial management of the First Nation.

**Economic Development:**

Includes revenue and expenses related to the development of economic opportunities to members, as well as the activities related to the growth of revenue producing projects with the First Nation.

**Housing:**

Includes revenue and expenses related to band owned and social housing of the members of the First Nation.

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

**14. Economic dependence**

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

**15. Comparative figures**

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

**16. Accumulated surplus**

Accumulated surplus consists of the following:

	2020	2019
Equity in Ottawa Trust Funds	79,660	1,299,826
Equity in operating fund	3,605,970	1,671,079
Equity in tangible capital assets	941,695	695,046
Investment in First Nation business entities	5,122,315	4,483,680
Replacement and operating reserves	36,333	34,333
	<b>9,785,973</b>	<b>8,183,964</b>

**17. Budget information**

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

The disclosed budget information was approved by the Chief and Council of the Mamalilikulla First Nation on June 26, 2019.

Chief and Council has not budgeted for the following segment:

Social Housing

	2020
Budget approved by Chief and Council	887,392
Non-consolidated entities	(574,339)
Internal transfers	(331,420)
Budgeted annual deficit per statement of Operations and Accumulated Surplus (Deficit)	<b>(18,367)</b>

**18. Significant event**

In early 2020, 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 Society 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.

**Mamalilikulla First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2020*

	<i>Buildings</i>	<i>Automotive equipment</i>	<i>Equipment</i>	<i>Boats</i>	<i>Social Housing</i>	<i>Subtotal</i>
<b>Cost</b>						
Balance, beginning of year	171,971	40,400	42,183	131,859	227,335	613,748
Acquisition of tangible capital assets	19,122	24,621	10,905	234,239	-	288,887
Disposal of tangible capital assets	(28,500)	-	-	-	-	(28,500)
Balance, end of year	162,593	65,021	53,088	366,098	227,335	874,135
<b>Accumulated amortization</b>						
Balance, beginning of year	35,212	21,775	24,369	32,855	134,658	248,869
Annual amortization	6,247	9,281	4,653	32,419	4,634	57,234
Accumulated amortization on disposals	(7,120)	-	-	-	-	(7,120)
Balance, end of year	34,339	31,056	29,022	65,274	139,292	298,983
<b>Net book value of tangible capital assets</b>	<b>128,254</b>	<b>33,965</b>	<b>24,066</b>	<b>300,824</b>	<b>88,043</b>	<b>575,152</b>
2019 Net book value of tangible capital assets	136,759	18,625	17,814	99,004	92,677	366,898

**Mamalilikulla First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2020*

	<i>Subtotal</i>	<i>Docks</i>	<i>2020</i>	<i>2019</i>
<b>Cost</b>				
Balance, beginning of year	613,748	402,024	1,015,772	667,042
Acquisition of tangible capital assets	288,887	40,000	328,887	395,804
Disposal of tangible capital assets	(28,500)	-	(28,500)	(47,074)
Balance, end of year	874,135	442,024	1,316,159	1,015,772
<b>Accumulated amortization</b>				
Balance, beginning of year	248,869	10,050	258,919	234,900
Annual amortization	57,234	11,050	68,284	40,964
Accumulated amortization on disposals	(7,120)	-	(7,120)	(16,945)
Balance, end of year	298,983	21,100	320,083	258,919
<b>Net book value of tangible capital assets</b>	<b>575,152</b>	<b>420,924</b>	<b>996,076</b>	<b>756,853</b>
2019 Net book value of tangible capital assets	366,898	391,974	756,853	

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

	<b>2020 Budget (Note 17)</b>	<b>2020</b>	<b>2019</b>
<b>Consolidated expenses by object</b>			
Administration	12,000	3,384	41
Amortization	-	68,284	40,964
Bad debts	-	-	92,789
Bank charges and interest	1,643	4,452	5,044
Contracted services	184,177	219,639	135,533
Cultural and community	43,856	57,374	-
Distribution to Band Members	75,700	75,600	75,700
Gain (loss) on sale of asset	-	21,380	10,130
Honouraria	12,000	47,805	10,350
Insurance	12,070	25,052	14,156
Language	-	7,533	-
Living allowance	126,000	167,945	119,000
Materials and supplies	101,564	87,332	81,518
Meeting expenses	53,071	32,994	78,337
Miscellaneous	13,400	15,779	77,217
Office expense	30,037	35,265	37,465
Professional fees	112,325	126,191	98,917
Property tax	-	127	7,580
Rent	17,440	14,541	28,369
Repairs and maintenance	48,595	44,712	70,895
Salaries and benefits	465,168	471,286	483,982
Supplies	-	13,564	1,775
Surveying and licenses	-	30,312	-
Training	10,100	22,290	11,986
Travel	166,171	159,567	150,838
Tuition	88,371	97,218	77,712
Utilities and telephone	18,544	16,259	17,451
	<b>1,592,232</b>	<b>1,865,885</b>	<b>1,727,749</b>

**Mamalilikulla First Nation**  
**Band Government**  
**Schedule 3 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<i>2020 Budget (Note 17)</i>	<i>2020</i>	<i>2019</i>
<b>Revenue</b>			
Gaming revenue	-	553,622	-
Indigenous Services Canada	489,335	553,374	501,843
Other revenue	44,490	51,240	126,575
First Nation Health Authority	-	7,927	-
Cost recoveries	-	272,162	-
	<b>533,825</b>	<b>1,438,325</b>	<b>628,418</b>
<b>Expenses</b>			
Administration	12,000	118	-
Bank charges and interest	1,643	3,579	4,058
Cultural and community	43,856	57,374	-
Contracted services	46,020	82,681	19,514
Honouraria	12,000	47,805	10,350
Insurance	12,070	20,257	10,534
Miscellaneous	-	-	22,928
Surveying and licenses	-	110	-
Office expense	25,837	31,148	33,714
Language	-	7,533	-
Professional fees	107,325	120,091	87,325
Rent	15,900	13,260	15,900
Repairs and maintenance	4,795	30,209	10,207
Materials and supplies	25,392	35,884	24,554
Salaries and benefits	278,368	289,646	323,677
Tuition	88,371	97,218	77,712
Supplies	-	13,564	1,775
Training	5,400	15,160	5,592
Travel	108,371	102,986	106,645
Utilities and telephone	18,543	16,258	17,453
Living allowance	126,000	157,445	119,000
Meeting expenses	22,571	22,147	44,561
	<b>954,462</b>	<b>1,164,473</b>	<b>935,499</b>
<b>Surplus (deficit) before other items</b>	<b>(420,637)</b>	<b>273,852</b>	<b>(307,081)</b>
<b>Transfers between programs</b>	<b>-</b>	<b>-</b>	<b>61,375</b>
<b>Surplus (deficit)</b>	<b>(420,637)</b>	<b>273,852</b>	<b>(245,706)</b>



**Mamalilikulla First Nation**  
**Economic Development**  
**Schedule 4 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<i>2020 Budget (Note 17)</i>	<i>2020</i>	<i>2019</i>
<b>Revenue</b>			
Other revenue	497,284	538,630	347,880
Province of BC	162,558	185,041	557,779
Indigenous Services Canada	39,694	56,947	92,537
Earnings from investment in First Nation partnerships	331,864	876,299	1,033,777
Earnings from investment in First Nation business enterprises	-	292,008	195,450
Interest income	8,640	69,719	24,624
	<b>1,040,040</b>	<b>2,018,644</b>	<b>2,252,047</b>
<b>Expenses</b>			
Administration	-	3,266	-
Amortization	-	63,650	36,086
Bad debts	-	-	92,789
Contracted services	138,157	136,958	116,019
Distribution to Band Members	75,700	75,600	75,700
Living allowance	-	10,500	-
Loss on disposal of tangible capital asset	-	21,380	10,130
Materials and supplies	76,173	51,449	56,965
Meeting expenses	30,500	10,847	33,776
Miscellaneous	13,400	15,779	54,289
Office expense	4,200	4,116	3,751
Professional fees	5,000	-	5,292
Property tax	-	127	7,580
Rent	1,540	1,281	12,469
Repairs and maintenance	43,800	10,771	59,626
Salaries and benefits	186,800	181,639	160,305
Surveying and licenses	-	30,202	-
Training	4,700	7,130	6,394
Travel	57,800	56,581	44,192
	<b>637,770</b>	<b>681,276</b>	<b>775,363</b>
<b>Surplus before other items</b>	<b>402,270</b>	<b>1,337,368</b>	<b>1,476,684</b>
<b>Transfers between programs</b>	<b>-</b>	<b>-</b>	<b>(61,375)</b>
<b>Annual surplus</b>	<b>402,270</b>	<b>1,337,368</b>	<b>1,415,309</b>

**Mamalilikulla First Nation**  
**Social Housing**  
**Schedule 5 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 17)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Rental income	-	<b>9,264</b>	-
Canada Mortgage and Housing Corporation	-	<b>1,661</b>	1,661
	-	<b>10,925</b>	1,661
<b>Expenses</b>			
Administration	-	-	41
Amortization	-	<b>4,634</b>	4,878
Bank charges and interest	-	<b>874</b>	985
Insurance	-	<b>4,795</b>	3,622
Professional fees	-	<b>6,100</b>	6,300
Repairs and maintenance	-	<b>3,733</b>	1,061
	-	<b>20,136</b>	16,887
<b>Annual deficit</b>	-	<b>(9,211)</b>	(15,226)