

**Quatsino First Nation
Consolidated Financial Statements**

March 31, 2020

Quatsino First Nation Contents

For the year ended March 31, 2020

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Management's Responsibility

To the Members of Quatsino First Nation:

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

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

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

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

August 18, 2020

Signed by: James Wallas

Interim Band Manager

Independent Auditor's Report

To the Members of Quatsino First Nation:

Qualified Opinion

We have audited the consolidated financial statements of Quatsino First Nation and its subsidiaries (the "Nation"), which comprise the consolidated 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2020, and the results of its consolidated operations, changes in its consolidated net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The First Nation holds an investment in Quatsino Economic Development Limited Partnership, which holds an investment in Quatern Limited Partnership. The financial statements of Quatern Limited Partnership were not audited. As audit procedures were not performed, we were unable to determine whether any adjustments to investment in Nation business entities and share of earnings from investment in Nation business entities were necessary. Accordingly, we were not able to obtain sufficient audit evidence to satisfy ourselves that the consolidated financial statements are not materially misstated for these items.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nanaimo, British Columbia

August 18, 2020

MNP LLP

Chartered Professional Accountants

MNP
LLP

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

	2020	2019
Financial assets		
Cash	4,899,462	7,260,424
Restricted cash (Note 3)	696,379	682,514
Accounts receivable (Note 4)	1,129,898	856,207
Advances to related Nation entities (Note 5)	299,643	197,939
Inventory for resale	8,088	8,088
Investment in Nation business entities (Note 6)	6,374,294	4,418,363
Funds held in trust (Note 7)	1,171,877	1,152,066
Total financial assets	14,579,641	14,575,601
Liabilities		
Accounts payable and accruals	498,732	503,502
Deferred revenue	54,259	18,045
Advances from related Nation entities (Note 5)	96,667	1,883,596
Long-term debt (Note 8)	4,046,214	4,242,126
Treaty note payable (Note 9)	-	2,336,668
Total liabilities	4,695,872	8,983,937
Net financial assets	9,883,769	5,591,664
Contingencies (Note 10)		
Significant event (Note 17)		
Non-financial assets		
Tangible capital assets (Schedule 1)	11,869,036	11,705,650
Prepaid expenses	55,581	51,796
Total non-financial assets	11,924,617	11,757,446
Accumulated surplus (Note 11)	21,808,386	17,349,110

Approved on behalf of Chief and Council

Signed by: James Nelson

Councilor

Signed by: Percy Nelson

Councilor

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

	<i>Schedules</i>	<i>2020 Budget (Note 14)</i>	<i>2020</i>	<i>2019</i>
Revenue				
Indigenous Services Canada (Note 13)		2,366,358	2,942,683	2,557,198
First Nations Health Authority		1,069,320	1,314,877	907,252
Canada Mortgage and Housing Corporation		-	198,611	164,213
Fisheries and Oceans Canada		119,169	168,450	125,950
Trust funds		-	19,811	27,063
Earnings from investment in Nation business entities		-	1,855,931	1,159,761
Province of British Columbia		734,116	737,230	3,194,314
Miscellaneous		517,180	641,811	377,207
First Nations Education Steering Committee		341,485	428,237	445,013
Gaming revenue		-	371,587	-
Investment and rental income		-	310,722	293,889
Arcade		-	259,320	236,468
Wind Farm		-	188,687	143,172
Forestry		-	73,780	77,416
North Vancouver Island Aboriginal Management Society		42,500	37,710	27,578
First Nation organizations		-	15,000	24,555
Other royalties		-	40	816,152
		5,190,128	9,564,487	10,577,201
Expenses				
Administration	3	606,528	1,451,795	1,180,236
Community	4	24,627	55,666	86,367
Arcade and Economic Development	5	31,833	279,728	262,508
Community Infrastructure	6	104,046	216,743	207,781
Housing	7	-	63,675	52,280
Social Housing - CMHC	8	-	371,737	378,615
Natural Resources	9	642,940	594,725	787,633
Income Assistance	10	741,260	747,409	499,917
Health	11	1,017,715	1,149,063	744,130
Education	12	1,949,082	1,931,462	1,806,605
		5,118,031	6,862,003	6,006,072
Other Income (Expense)				
Loss on disposal of tangible capital assets		-	(1,376)	-
Forgiveness of treaty loan (Note 9)		-	2,336,668	-
		-	2,335,292	-
Annual surplus before transfers		72,097	5,037,776	4,571,129
Transfers				
Transfer to Quatsino Economic Development Limited Partnership		-	-	(1,900,000)
Transfer to Nation Members		-	(578,500)	(560,147)
		-	(578,500)	(2,460,147)
Annual surplus		72,097	4,459,276	2,110,982
Accumulated surplus, beginning of year		17,349,110	17,349,110	15,238,128
Accumulated surplus, end of year		17,421,207	21,808,386	17,349,110

Quatsino First Nation
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2020

	2020 <i>Budget</i> <i>(Note 14)</i>	2020	2019
Annual surplus	72,097	4,459,276	2,110,982
Purchases of tangible capital assets	-	(732,739)	(949,023)
Amortization of tangible capital assets	-	567,677	517,518
Loss on disposal of tangible capital assets	-	1,376	-
Proceeds of disposal of tangible capital assets	-	300	-
Acquisition of prepaid expenses	-	(3,785)	(3,157)
Increase in net financial assets	72,097	4,292,105	1,676,320
Net financial assets, beginning of year	5,591,664	5,591,664	3,915,344
Net financial assets, end of year	5,663,761	9,883,769	5,591,664

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

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	4,459,276	2,110,982
Non-cash items		
Amortization	567,677	517,518
Loss on disposal of tangible capital assets	1,376	-
Earnings from investment in Nation business entities	(1,855,931)	(1,159,761)
Increase in trust funds	(19,811)	(27,063)
Advances to Nation business entities	-	1,900,000
Forgiveness of treaty loan	(2,336,668)	-
Changes in working capital accounts		
Accounts receivable	(273,691)	57,552
Prepaid expenses	(3,785)	(3,157)
Accounts payable and accruals	(4,770)	(112,746)
Deferred revenue	36,214	2,515
	569,887	3,285,840
Financing activities		
Advances of long-term debt	-	1,572,300
Repayment of long-term debt	(195,912)	(131,276)
Deposits to restricted cash	(13,865)	-
Withdrawals from restricted cash	-	17,443
Advances from related Nation entities	100,000	-
Repayment of advances from related Nation entities	(2,088,633)	(16,404)
	(2,198,410)	1,442,063
Capital activities		
Purchases of tangible capital assets	(732,739)	(949,023)
Proceeds of disposal of tangible capital assets	300	-
	(732,439)	(949,023)
Increase (decrease) in cash resources	(2,360,962)	3,778,880
Cash, beginning of year	7,260,424	3,481,544
Cash, end of year	4,899,462	7,260,424

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

1. Operations

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

2. Significant accounting policies

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

Reporting entity consolidated

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

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

- CMHC Housing

All inter-entity balances have been eliminated on consolidation.

Quatsino First Nation business entities, owned or controlled by the Nation's Council but not dependent on the Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Quatsino Economic Development Limited Partnership
- Quatsino First Nation Economic Development Corporation Ltd.

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

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

- Gwabalis Fisheries Society
- Gilakasla Kwa Holdings Ltd.

Basis of presentation

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

Cash

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

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

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

Tangible capital assets

Tangible capital assets are initially recorded at cost, based on historical cost accounting records, 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 reserves, are not recognized in the Nation's consolidated financial statements.

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives. See below for amortization rates of specific asset categories.

Land, totem pole, and work-in-progress are not amortized.

	Method	Rate
Buildings and improvements	declining balance	4-10 %
CMHC housing	straight-line	25 years
Roads, streets and bridges	straight-line	38-100 years
Water, sanitary and storm	straight-line	30-100 years
Boats	declining balance	15 %
Vehicles	declining balance	30 %
Equipment	declining balance	20 %
Computer hardware and software	declining balance	30-100 %

Funds held in trust

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

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

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

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

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

Revenue recognition

i) **Government Transfers**

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

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

The Nation recognized 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) **Other revenue**

Other revenue is recognized when performance is complete, collectibility is assured and an amount can be reasonably estimated.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of selling.

Liability for contaminated site

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

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

Quatsino 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

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

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

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

Segments

The Nation conducts its business through a number of reportable segments as described in Note 12. 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. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

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

3. Restricted cash

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 \$45,880 (2019 - \$41,836) 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 March 31, 2020, \$233,029 (2019 - \$224,438) has been set aside to fund the replacement reserve. At year end, the replacement reserve was underfunded by \$3,923 (2019 - adequately funded).

Under the terms of the agreements with Canada Mortgage and Housing Corporation ("CMHC"), excess revenue 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 March 31, 2020, \$463,350 (2019 - \$458,076) has been set aside to fund this reserve. At year end, the operating reserve was under funded by \$25,158 (2019 - adequately funded).

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

4. Accounts receivable

	2020	2019
Indigenous Services Canada	300,477	126,423
Fishing entities	52,368	33,257
Department of Fisheries and Oceans	5,111	19,767
New Relationship Trust	800	4,000
Other Nations and Nation business entities	171,958	86,589
Members	98,913	105,361
Forestry companies	45,335	62,947
Province of British Columbia	51,066	41,635
Rent receivable	236,033	228,971
Canada Mortgage and Housing Corporation	31,372	21,942
Other receivables	136,465	125,315
	1,129,898	856,207

5. Advances to (from) related Nation entities

Advances to (from) related Nation entities are unsecured, non-interest bearing and due on demand. These entities are related by virtue of common control or joint control by Quatsino First Nation.

	2020	2019
Advances to related Nation Entities		
Quatsino Economic Development Limited Partnership	211,056	197,489
Quattishe Forest Products Ltd.	450	450
Gilakasla Kwa Holdings Ltd.	88,137	-
	299,643	197,939
Advances from related Nation Entities		
Quatsino Economic Development Limited Partnership	96,667	1,883,596

During the year, a promissory note of \$100,000 was received from Quatsino Economic Development Limited Partnership, with \$96,667 outstanding at March 31, 2020. The advance is due on demand, non-interest bearing, payable in monthly instalments of \$1,667, and matures November 2024.

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

6. Investment in Nation business entities

The Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Draws</i>	<i>Total investment</i>
Wholly-owned Businesses:					
Quatsino First Nation Economic Development Corporation Ltd.	10	-	(2,411,124)	-	(2,411,114)
Quatsino Economic Development Limited Partnership - 99%	999	-	8,372,261	-	8,373,260
	1,009	-	5,961,137	-	5,962,146
Significantly Influenced Businesses:					
Gilakasla Kwa Holdings Ltd. - 33%	1	-	(1)	-	-
Gwabalis Fisheries Society - 25%	-	-	412,148	-	412,148
	1	-	412,147	-	412,148
	1,010	-	6,373,284	-	6,374,294
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Draws</i>	<i>Total investment</i>
Wholly-owned Businesses:					
Quatsino First Nation Economic Development Corporation Ltd.	10	-	(2,373,378)	-	(2,373,368)
Quatsino Economic Development Limited Partnership - 99%	999	654,704	5,327,128	-	5,982,831
	1,009	654,704	2,953,750	-	3,609,463
Significantly Influenced Businesses:					
Gilakasla Kwa Holdings Ltd. - 33%	1	-	(1)	-	-
Gwabalis Fisheries Society - 25%	-	-	808,900	-	808,900
	1	-	808,899	-	808,900
	1,010	654,704	3,762,649	-	4,418,363

The Nation's investment in Quatsino First Nation Economic Development Corporation Ltd. was established for the purposes of running the economic activities of various business endeavours for the Nation. It owns investments in 688357 B.C. Ltd., Quatsino Marine GP Ltd. and Quattishe Forest Products Ltd.

Quatsino Economic Development Limited Partnership was established for the purposes of running the economic activities of various business endeavours for the Nation. It owns investments in Quatsino Marine Limited Partnership, Quattishe Limited Partnership and Quatern Limited Partnership. The year-end for the 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.

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

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

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

	<i>Quatsino First Nation Economic Development Corporation Ltd. (Unaudited)</i> As at December 31, 2019	<i>Quatsino Economic Development Limited Partnership</i> As at December 31, 2019	<i>Gilakasla Kwa Holdings Ltd. (Unaudited)</i> As at December 31, 2019	<i>Gwabalis Fisheries Society (Unaudited)</i> As at March 31, 2020
Assets				
Cash and cash equivalents	38,267	5,325,873	565,375	508,056
Accounts receivable	7,886	153,021	83,832	164
Inventory for resale	-	15,322	-	-
Prepaid expenses	75,975	16,723	6,000	-
Advances to related parties	2,045,683	47,089	-	1,177,080
Property and equipment	652,311	1,285,623	-	404
Promissory note receivable	-	100,000	-	-
Investment in Nation business entities	4,627	1,258,648	-	-
Total assets	2,824,749	8,202,299	655,207	1,685,704
Liabilities				
Accounts payable and accruals	5,496	179,770	184,062	682
Payable to shareholder	4,417,406	-	471,144	-
Advances from related parties	812,750	355,227	-	-
Long-term debt	-	21,362	-	-
Finance lease payable	-	37,561	-	-
Total liabilities	5,235,652	593,920	655,206	682
	(2,410,903)	7,608,379	1	1,685,022
Total revenue	7,599	2,134,794	8,296	982,761
Total expenses	45,355	1,775,362	8,296	79,767
Net income (loss)	(37,756)	359,432	-	902,994
Comprehensive income (loss)	(37,756)	359,432	-	902,994