

EHATTESAHT/CHINEHKINT FIRST NATION

Financial Statements

March 31, 2020

EHATTESAHT/CHINEHKINT FIRST NATION

Financial Statements

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Year Ended March 31, 2020

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MANAGEMENT REPORT

March 31, 2020

The Council of the Ehlettesah/Chinehkint First Nation has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of the Ehlettesah/Chinehkint First Nation. 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 Ehlettesah/Chinehkint First Nation'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 Ehlettesah/Chinehkint First Nation'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 Ehlettesah/Chinehkint First Nation as at March 31, 2020.



Ms. Darlene Smith
Band Manager
October 28, 2020



INDEPENDENT AUDITORS' REPORT

To the Members of Ehlettesaht/Chinehkint First Nation

Qualified Opinion

We have audited the accompanying financial statements of Ehlettesaht/Chinehkint First Nation (the "Nation"), which comprise the statement of financial position as at March 31, 2020, the 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 "financial statements").

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

Basis for Qualified Opinion

An audit has not been performed for all the Nation's affiliated entities. Accordingly, we were not able to determine if any adjustments might be required to the Investments in First Nation Affiliated Entities on the Statement of Financial Position and the related Income from Government Business Entities presented on the Statement of Operations.

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 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 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 intends for the Nation to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these 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 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 financial statements, including the disclosures, and whether the 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.



Chartered Professional Accountants
Campbell River, BC

October 28, 2020

EHATTESAHT/CHINEHKINT FIRST NATION

Statement of Financial Position

March 31, 2020

2020

2019

FINANCIAL ASSETS

	\$	\$
Cash and Cash Equivalents (Note 2)	3,785,072	2,989,634
Trust Funds Held by Federal Government (Note 3)	87,175	84,646
Accounts Receivable (Note 4)	333,908	329,800
Due from Government and Government Organizations (Note 5)	506,408	162,715
Portfolio Investment (Note 6)	110	-
Investments in First Nation Affiliated Entities (Note 7)	7,130,564	7,493,974
Due from Related Entities (Note 8)	<u>2,551,279</u>	<u>2,340,851</u>
	<u>14,394,516</u>	<u>13,401,620</u>

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 9)	192,537	355,495
Due to Government and Government Organizations (Note 10)	13,335	25,628
Deferred Revenue (Note 11)	118,262	115,460
Replacement Reserve (Note 12)	7,397	5,917
Operating Reserve (Note 12)	10,080	10,080
Long Term Debt (Note 13)	<u>923,227</u>	<u>2,134,351</u>
	<u>1,264,838</u>	<u>2,646,931</u>

NET FINANCIAL ASSETS

13,129,678 10,754,689

NON-FINANCIAL ASSETS

Prepaid Expenses	10,470	4,294
Tangible Capital Assets (Note 14)	<u>2,950,007</u>	<u>3,095,541</u>
	<u>2,960,477</u>	<u>3,099,835</u>

ACCUMULATED SURPLUS (Note 15)

16,090,155 13,854,524

Approved by:



Chief



Councillor

EHATTESAHT/CHINEHKINT FIRST NATION

Statement of Operations and Accumulated Surplus

Year Ended March 31, 2020

	2020		2019
	Actual \$	Budget \$	\$
Revenue			
Nuu-chah-nulth Tribal Council	1,891,945	1,539,136	1,845,736
Canadian Mortgage Housing Corporation	8,744	8,734	8,734
Province of British Columbia	140,062	204,088	270,931
Income from Government Business Entities	684,734	320,000	1,054,731
First Peoples Heritage	162,647	119,980	115,939
NEDC	-	-	58,416
Rent	124,847	135,000	126,330
Road Use	120,000	120,000	310,974
Royalties	726,521	35,000	32,267
Fishing	-	30,000	-
Interest Income	144,951	13,495	128,343
Other	<u>165,553</u>	<u>140,731</u>	<u>106,624</u>
	<u>4,170,004</u>	<u>2,666,164</u>	<u>4,059,025</u>
Expenditures (Note 21)			
Core Government	1,439,983	1,763,709	1,626,638
Community Development	505,040	296,511	297,262
Housing	244,808	143,734	235,826
Capital	151,289	202,760	116,919
Economic Development	726,808	248,012	510,914
Treaty	<u>10,114</u>	<u>31,438</u>	<u>49</u>
	<u>3,078,042</u>	<u>2,686,164</u>	<u>2,787,608</u>
Operating Surplus (Deficit)			
	1,091,962	(20,000)	1,271,417
NTC - Loan Forgiveness (Note 13)	<u>1,143,669</u>	<u>-</u>	<u>-</u>
Annual Surplus (Deficit)			
	2,235,631	<u>(20,000)</u>	1,271,417
Accumulated Surplus - Beginning of Year			
	13,854,524		11,958,654
Ehlettesaht Fishing Corporation (Note 20)			
	<u>-</u>		<u>624,453</u>
Accumulated Surplus - End of Year			
	<u>16,090,155</u>		<u>13,854,524</u>

EHATTESAHT/CHINEHKINT FIRST NATION

Statement of Changes in Net Financial Assets

Year Ended March 31, 2020

	2020	2019
	\$	\$
Annual Surplus	<u>2,235,631</u>	<u>1,271,417</u>
Purchase of Tangible Capital Assets	(181,656)	(185,218)
Amortization of Tangible Capital Assets	<u>327,190</u>	<u>335,886</u>
	<u>145,534</u>	<u>150,668</u>
Acquisition of Prepaid Asset	(6,176)	(4,294)
Ehlettesaht Fishing Corporation	-	624,453
Increase in Net Financial Assets	2,374,989	2,042,244
Net Financial Assets - Beginning of Year	<u>10,754,689</u>	<u>8,712,445</u>
Net Financial Assets - End of Year	<u>13,129,678</u>	<u>10,754,689</u>

EHATTESAHT/CHINEHKINT FIRST NATION

Statement of Cash Flows

Year Ended March 31, 2020

	2020	2019
	\$	\$
Cash Flows From Operating Activities:		
Cash Flows from Government and Other Sources	3,822,476	3,979,757
Cash Paid to Suppliers and Employees	(2,930,799)	(2,346,587)
	<u>891,677</u>	<u>1,633,170</u>
Cash Flows From Capital Activities:		
Purchase of Tangible Capital Assets	(181,656)	(185,218)
Cash Flows From Investing Activities:		
Loans to Related Entities	(210,428)	(1,083,932)
Investment in (Draws from) First Nation Entities	363,410	(75,280)
Ehlettesah Fishing Corporation Adjustment	-	(624,453)
Investment in Portfolio Investment	(110)	-
	<u>152,872</u>	<u>(1,783,665)</u>
Cash Flows From Financing Activities:		
Long Term Debt Incurred	-	195,000
Repayment of Long Term Debt	(67,455)	(115,094)
	<u>(67,455)</u>	<u>79,906</u>
Increase (Decrease) in Cash and Cash Equivalents	795,438	(255,807)
Cash and Cash Equivalents - Beginning of Year	2,989,634	3,245,441
Cash and Cash Equivalents - End of Year	3,785,072	2,989,634

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies:

a) Basis of Accounting:

These financial statements are the representations of management and have been prepared in accordance with Canadian public sector accounting standards prescribed for governments, as recommended by the Public Sector Accounting Board of CPA Canada.

b) Basis of Presentation:

The financial statements include The Ehlettesaht/Chinehkint First Nation (the "Nation") government.

The Nation accounts for their investments in government business enterprises (GBE's) or partnerships using the modified equity method. Under the modified equity method of accounting, only the Nation's investment in the business entities and the entities' net income and other changes in equity are recorded. No adjustment is made for accounting policies that are different from those of the Nation, except that any other comprehensive income of the business entities is accounted for as an adjustment to the accumulated surplus or deficit. Inter-organizational transactions and balances are not eliminated.

Investments in the following entities are accounted for by the modified equity method and, as such, the accounting policies of these entities are not adjusted to conform with those of the Nation:

Ehlettesaht Fishing Corporation
Hayu Fishing Limited Partnership
Hayu Fishing Ltd.
Aat'uu Forestry Limited Partnership
Aat'uu Forestry Ltd.
0754140 BC Ltd.
Bar Creek Ltd.
0881643 BC Ltd.
Zeballos Lake Hydro Limited Partnership

c) 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, property under development, and prepaid expenses. Intangible assets, and items inherited by right of the Nation, are not recognized in the financial statements.

d) Tangible Capital Assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Amortization is provided for using the following rates and methods:

Subdivision Costs	20yr	straight line
Infrastructure	10yr	straight line
Capital Housing	20yr	straight line
Equipment	5yr	straight line
Vehicles	30%	declining balance
Fishing Equipment	15-20%	declining balance and straight line
Social Housing Houses	25yr	straight line

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued):

d) **Tangible Capital Assets (continued):**

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Nation's ability to provide goods and services, or when the value of future economic benefits associated with the assets are less than their net book value. The net writedowns are accounted for as expenses in the statement of operations.

e) **Revenue Recognition:**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to any 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 statement of operations as the stipulation liabilities are settled. Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

f) **Measurement Uncertainty:**

In preparing the financial statements for the Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant estimates include the allowance for doubtful accounts and the estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

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 Nation is either directly responsible or accepts responsibility, it is expected that the 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 is reduced by expected net recoveries based on information available at March 31, 2020.

As at March 31, 2020, no liability for contaminated sites exists.

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2020

2. Cash and Cash Equivalents:

Under the terms of an agreement with Canada Mortgage and Housing Corporation (CMHC), the Nation 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 from time to time. The funds in the account may only be used for CMHC approved expenditures. Included in cash at March 31, 2020 was \$1,723 (2019 - \$1,975) that is restricted by the terms of the Nations agreement with CMHC for repair, maintenance and replacement of worn out assets.

The Nation 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. At March 31, 2020 as well as in the prior period the Nation did not have a separate account maintained with an operating reserve balance.

3. Trust Funds Held by Federal Government:

	<u>2019</u>	Additions	Withdrawals	<u>2020</u>
	\$	\$	\$	\$
Revenue	77,320	2,529	-	79,849
Capital	7,326	-	-	7,326
	<u>84,646</u>	<u>2,529</u>	<u>-</u>	<u>87,175</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. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

4. Accounts Receivable:

	<u>2020</u>	<u>2019</u>
	\$	\$
Trade Receivables	188,294	190,800
Band Members	252,076	238,830
Aat'uuk Forestry Limited Partnership	80,000	80,100
	520,370	509,730
Less: Allowance for Doubtful Accounts	(186,462)	(179,930)
	<u>333,908</u>	<u>329,800</u>

5. Due from Government and Other Government Organizations:

	<u>2020</u>	<u>2019</u>
	\$	\$
Nuu-chah-nulth Tribal Council	495,199	150,186
Sales Taxes Recoverable	10,481	11,801
Canada Mortgage and Housing Corporation	728	728
	<u>506,408</u>	<u>162,715</u>

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2020

6. Portfolio Investment:

The portfolio investment consist of an investment in the BC Gaming First Nations Revenue Sharing Limited Partnership, which is recorded at cost.

7. Investments in First Nation Affiliated Entities:

	<u>2020</u> \$	<u>2019</u> \$
Zeballos Lake Hydro Limited Partnership		
2 Units (2%)	1	1
Ehlettesah Fishing Corporation		
Shares (100%)	2	2
0881643 BC Ltd.		
Shares (100%)	1	1
Aat'uu Forestry Ltd.		
Shares (100%)	1	1
0754140 BC Ltd.		
Shares (100%)	1	1
Barr Creek Hydro Ltd.		
Shares (20%)	88	88
Hayu Fishing Ltd.		
Shares (25%)	1	1
Hayu Fishing Limited Partnership		
2,500 Units (25%)	1	1
Advances	(93,914)	(48,914)
Accumulated share of Earnings	<u>1,307,991</u>	<u>1,070,714</u>
	<u>1,214,078</u>	<u>1,021,801</u>
Aat'uu Forestry Limited Partnership		
999 Units (99%)	99	99
Advances	(4,351,087)	(3,931,487)
Accumulated share of Earnings	<u>10,267,379</u>	<u>10,403,466</u>
	<u>5,916,391</u>	<u>6,472,078</u>
Total		
Shares	195	195
Advances	(4,445,001)	(3,980,401)
Accumulated share of Earnings	<u>11,575,370</u>	<u>11,474,180</u>
	<u>7,130,564</u>	<u>7,493,974</u>

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2020

7. Investments in First Nation Affiliated Entities (continued):

The company shares are held in trust for the Nation by Trustees appointed by the Council. The units of Aat'uu Forestry Limited Partnership are held in trust for the Nation by 0754140 BC Ltd. The units of Hayu Fishing Limited Partnership and Zeballos Lake Hydro Limited Partnership are owned directly by the Nation.

The advances made are without interest or specific repayment terms.

Financial information for the First Nation Affiliated Entities is presented in the following table. Ehlettesah Fishing Corporation, 0881643 BC Ltd., Aat'uu Forestry Ltd., 0754140 BC Ltd. and Aat'uu Forestry Limited Partnership financial information is from financial statements prepared for the year ending March 31, 2020 with comparative figures for the year ending March 31, 2019. These financial statements were unaudited.

Financial information for Barr Creek Hydro Ltd. is from financial statements prepared for the year ending June 30, 2019 with comparative figures for the year ending June 30, 2018. These financial statements were unaudited.

Financial information for Hayu Fishing Ltd. and Hayu Fishing Limited Partnership is from financial statements prepared for the year ending December 31, 2019 with comparative figures for the year ending December 31, 2018. The financial statements for Hayu Fishing Ltd. were unaudited and the financial statements for Hayu Fishing Limited Partnership were audited.

Financial information for Zeballos Lake Hydro Limited Partnership is from financial statements prepared for the year ending December 31, 2019 with comparative figures for the year ending December 31, 2018. These financial statements were audited.

	Ehlettesah Fishing Corp.	0881643 BC Ltd.	Aat'uu Forestry Ltd.	0754140 BC Ltd.	Aat'uu Forestry LP	Barr Creek Hydro Ltd	Hayu Fishing Ltd.	Hayu Fishing LP	Zeballos Lake Hydro LP	2020	TOTAL 2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash	22,364	41,125	-	-	2,272,152	15,707	-	743,008	289,000	3,383,356	4,372,830
Funds Held in Escrow	-	-	-	-	-	-	-	-	3,390,000	3,390,000	3,227,000
Accounts Receivable	7,823	-	-	-	22,637	-	-	473,630	629,000	1,133,090	1,564,164
Prepays and Deposits	5,641	-	-	-	214,083	-	-	-	-	219,724	112,440
Inventory	-	-	-	-	844,514	-	-	-	-	844,514	663,133
Due from Related Parties	-	-	-	-	13,850	-	-	8,100	-	21,950	19,762
Tangible Capital Assets	151,266	-	-	-	207,847	-	-	46,781	48,536,000	48,941,894	50,007,996
Investments	-	709,514	10,276	1	-	-	536	-	-	720,327	701,330
Intangible Assets	654,022	-	-	-	3,372,404	-	-	3,622,540	-	7,648,966	6,823,351
Other Assets	-	-	59	-	-	-	-	-	82,000	82,059	85,059
Total Assets	841,116	750,639	10,335	1	6,947,487	15,707	536	4,894,059	52,926,000	66,385,880	67,577,065
Accounts Payable	4,311	-	-	-	218,104	218	1,100	37,237	1,213,000	1,473,970	1,892,204
Long-term Debt	-	-	-	-	-	15,000	-	-	23,665,000	23,680,000	22,562,000
Silviculture Payable	-	-	-	-	801,528	-	-	-	-	801,528	668,584
Due to Related Parties	1,904,831	628,834	14,142	-	-	-	8,100	-	2,343,000	4,898,907	5,199,755
Total Liabilities	1,909,142	628,834	14,142	-	1,019,632	15,218	9,200	37,237	27,221,000	30,854,405	30,322,543
Equity	1,068,026	121,805	(3,807)	1	5,927,855	489	(8,664)	4,856,822	25,705,000	35,531,475	37,254,522
Total Liabilities and Equity	841,116	750,639	10,335	1	6,947,487	15,707	536	4,894,059	52,926,000	66,385,880	67,577,065
Revenues	236,985	19,038	(136)	-	401,901	(18)	95	1,131,510	3,021,000	4,810,375	10,929,066
Expenses	469,077	1,695	820	-	538,124	-	1,468	182,310	4,740,000	5,933,494	9,969,703
Net Income (Loss)	(232,092)	17,343	(956)	-	(136,223)	(18)	(1,373)	949,200	(1,719,000)	(1,123,119)	959,363

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2020

8. Due from Related Entities:

	<u>2020</u> \$	<u>2019</u> \$
Aat'uu Forestry Ltd.	293	293
Zeballos Lake Hydro Limited Partnership	17,321	858
Ehlettesaht Fishing Corporation	1,904,831	1,710,867
0881643 BC Ltd.	<u>628,834</u>	<u>628,833</u>
	<u>2,551,279</u>	<u>2,340,851</u>

Amounts due from related entities have no set terms of repayment or stated interest rate with the exception of amounts owing from Ehlettesaht Fishing Corporation (the "Corporation").

The terms of the agreement with the Corporation relate to \$900,000 advanced to the Corporation during the year ended March 31, 2019. The loan of \$900,000 is due on demand and bears interest at 10% per annum with the Corporation having the right at any time to pay all or a portion of the Principal. The agreement does not require the Corporation to make any principle or interest payments to the Nation.

9. Accounts Payable and Accrued Liabilities:

	<u>2020</u> \$	<u>2019</u> \$
Trade Payables	145,001	321,537
Accrued Salaries and Benefits Payable	<u>47,536</u>	<u>33,958</u>
	<u>192,537</u>	<u>355,495</u>

10. Due to Government and Other Government Organizations:

	<u>2020</u> \$	<u>2019</u> \$
Federal Government	10,728	25,400
Other Government Organizations	<u>2,607</u>	<u>228</u>
	<u>13,335</u>	<u>25,628</u>

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2020

11. Deferred Revenue:

	<u>2020</u> \$	<u>2019</u> \$
Federal Government		
Specific Claims	1,500	26,692
Fuel Relief	6,518	6,518
COVID-19	<u>19,161</u>	<u>-</u>
	<u>27,179</u>	<u>33,210</u>
Provincial Government		
Aquaculture Grant	2,250	2,250
Forestry Grant	-	80,000
Capacity Grant	<u>40,000</u>	<u>-</u>
	<u>42,250</u>	<u>82,250</u>
Other		
Unearned Road Use Fees	31,500	-
First Voices	<u>17,333</u>	<u>-</u>
	<u>48,833</u>	<u>-</u>
Total	<u>118,262</u>	<u>115,460</u>

12. Reserves:

Under the terms of agreement with CMHC, the Replacement Reserve account is to be credited in the amount of \$1,480 (2019 - \$1,480) and the Operating Reserve is to be credited in the amount of \$nil (2019 - \$1,038). These funds, along with accumulated interest, must be held in separate bank accounts for each type of reserve.

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 from time to time.

The funds in the Operating Reserve can be drawn on in the event of future deficits. The funds in the Replacement Reserve account may only be used for CMHC approved expenditures.

During the year, \$nil (2019 - \$620) in expenditures were paid from the Replacement Reserve. The funds in the Replacement Reserve account may only be used to fund future deficits. Withdrawals are credited to interest first and then principal.

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2020

13. Long Term Debt:

	<u>2020</u> \$	<u>2019</u> \$
CMHC:		
Repayable at \$609 per month including interest at 1.83% per annum; due Nov 30, 2024; secured by the Nation	120,649	125,724
Bank of Montreal - 6Plex Mortgage:		
Repayable at \$1,986 per month including interest at 4.26%; due August 31, 2022; secured by the Nation	271,395	290,900
Bank of Montreal - 4Plex Mortgage:		
Repayable at \$2,840 per month including interest at prime plus 1.5%; due on demand; secured by the Nation	443,804	453,837
Nuu-chah-nulth Economic Development Corporation:		
Repayable at \$3,300 per month, including interest at prime plus 3.0% per annum; due May 1, 2023; secured by the Nation	87,379	120,221
Nuu-chah-nulth Tribal Council (BC Treaty Commission):		
As part of the 2019 Federal Budget announced on March 19, 2019, the Federal Government of Canada (the "Government") stated that all outstanding Treaty loans would be forgiven. As at March 31, 2020, all this outstanding debt has been forgiven by the Government	- 1,143,669	
Total Long Term Debt	<u>923,227</u>	<u>2,134,351</u>

Interest expense on long term debt for the year ended March 31, 2020 is \$42,555 (2019 - \$46,645).

Scheduled principal repayments for the next five years is estimated as follows:

	\$
2021	83,559
2022	86,254
2023	61,709
2024	49,671
2025	50,534
Thereafter	591,500

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2020

14. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital:										
Subdivision	990,347	-	-	990,347	821,567	11,640	-	833,207	157,140	168,780
Infrastructure	2,215,182	153,555	74,174	2,294,563	1,282,992	151,333	74,174	1,360,151	934,412	932,190
Band Housing	3,391,616	-	-	3,391,616	1,788,283	103,538	-	1,891,821	1,499,795	1,603,333
Office Equip	100,357	-	-	100,357	97,066	2,311	-	99,377	980	3,291
General Equip	105,322	11,000	-	116,322	68,733	7,318	-	76,051	40,271	36,589
Fisheries Equip	130,581	17,101	-	147,682	52,246	12,980	-	65,226	82,456	78,335
Vehicles	426,079	-	-	426,079	323,979	30,630	-	354,609	71,470	102,100
	<u>7,359,484</u>	<u>181,656</u>	<u>74,174</u>	<u>7,466,966</u>	<u>4,434,866</u>	<u>319,750</u>	<u>74,174</u>	<u>4,680,442</u>	<u>2,786,524</u>	<u>2,924,618</u>
Social Housing:										
Land	21,990	-	-	21,990	-	-	-	-	21,990	21,990
Housing	<u>186,123</u>	<u>-</u>	<u>-</u>	<u>186,123</u>	<u>37,190</u>	<u>7,440</u>	<u>-</u>	<u>44,630</u>	<u>141,493</u>	<u>148,933</u>
	<u>208,113</u>	<u>-</u>	<u>-</u>	<u>208,113</u>	<u>37,190</u>	<u>7,440</u>	<u>-</u>	<u>44,630</u>	<u>163,483</u>	<u>170,923</u>
Total	<u>7,567,597</u>	<u>181,656</u>	<u>74,174</u>	<u>7,675,079</u>	<u>4,472,056</u>	<u>327,190</u>	<u>74,174</u>	<u>4,725,072</u>	<u>2,950,007</u>	<u>3,095,541</u>

15. Accumulated Surplus:

		<u>2020</u>	<u>2019</u>
		\$	\$
Internally Restricted			
Equity in Tangible Capital Assets		1,844,028	2,029,121
Externally Restricted			
Equity in Ottawa Trust		87,175	84,646
Investment in Treaty		483,206	(1,457,633)
Unrestricted			
Operating Surplus		<u>13,675,746</u>	<u>13,198,390</u>
Total Surplus		<u>16,090,155</u>	<u>13,854,524</u>

16. Commitments:

The Nation holds six foreshore licences for an oyster project with terms of twenty years each beginning in 2001. Under the foreshore licence agreements, licence fees charged on the oyster leases can increase from year to year. Future minimum payment for the next five years is \$4,455 each year.

17. Federal Assistance Payments:

The Ehattesaht/Chinehkint First Nation 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 \$8,744 (2019 - \$8,734).

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2020

18. Budget Figures:

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Nation on April 27, 2019 and have not been audited.

19. Employee Future Benefits:

The Nation matches employee contributions to a defined contribution plan, which is administered by London Life (now Canada Life). The total pension expense, representing employer contributions to the plan for the year was \$6,221 (2019 - \$5,211).

20. Consolidation of Ehlettesaht Fishing Corporation:

In years prior to March 31, 2019, the Nation's investment in Ehlettesaht Fishing Corporation (the "Corporation") and any due to / from balances had not been reflected on the financial statements of the Nation as the Corporation did not meet the definition of a Government Business Enterprise under Canadian public sector accounting standards and its operations were consolidated with the Nation's operations.

On April 30, 2018, the Corporation indirectly acquired Mid Island Ice & Packing Ltd. and subsequently amalgamated Mid Island Ice & Packing Ltd. into the Corporation. As a result of the amalgamation, the Corporation for the year ended March 31, 2019 onwards is considered to qualify as a Government Business Enterprise and is accounted for using the modified equity method.

To reflect the change in accounting treatment, \$624,451 in accumulated deficit of the Corporation was adjusted from the accumulated surplus of the Nation and \$2 representing the share investment in the Corporation of the Nation was adjusted from accumulated surplus of the Nation. The Nation also recognized a balance due from the Corporation that was previously eliminated upon consolidation.

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2020

21. Schedule of Expenses by Object:

	<u>2020</u> \$	<u>2019</u> \$
Administration Fees	5,116	3,203
Allowances and School Supplies	29,175	34,279
Amortization	327,190	335,887
Bad Debt (Recovery)	6,532	(21,537)
Bank Charges and Interest	7,725	9,506
Basic Needs	121,191	79,996
Business Planning	2,000	-
Consulting Fees	35,888	174,474
Contribution to 0881643 BC Ltd.	-	143,760
Donations	46,901	26,223
Election	9,006	7,800
Equipment	17,374	9,967
Funeral Services	31,291	11,000
Honoraria	222,813	219,066
Insurance	51,280	41,029
Interest on Long Term Debt	42,481	46,636
Legal	164,125	72,116
Supplies	72,727	33,893
Professional Fees	70,419	78,195
Meetings	42,663	47,383
Member Distributions	100,039	88,600
Member Services	195,077	136,936
Member Support	15,231	8,181
Office and Sundry	26,448	24,847
Patient Travel	100,777	91,835
Property Tax	3,282	3,284
Repairs and Maintenance	168,695	117,981
Reserves	4,780	1,898
Social Assistance	112,212	70,192
Subcontract	14,021	33,980
Travel	149,430	208,109
Training	32,738	-
Tuition	2,527	38,615
Utilities	58,551	50,901
Wages and Benefits	761,396	531,804
Workshops	<u>26,941</u>	<u>27,569</u>
	<u>3,078,042</u>	<u>2,787,608</u>

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2020

22. Segment Disclosure:

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objective in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments.

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

The following segments have been identified and as such as separately disclosed in Schedule 1 to the financial statements.

Core Government:

Core Government contains activities that are needed to manage and administer the Nation's organization.

Community Development:

Community Development contain all activities that are involved in the development of the community and operation of community activities and operations.

Housing:

Housing contains activities that relate to on reserve housing.

Capital:

Capital represents amounts spent on the betterment of the Nation's capital assets, either through repairs and maintenance or general capital purchases.

Economic Development:

Economic Development contains activities that are involved in the development and the operation of economic opportunities for the Nation including its business interest.

Treaty:

Treaty contains activities related to ongoing treaty negotiations for the Nation.

23. Subsequent Event:

The Nation 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 an impact on the operations of the Nation.

The extent that the effect of COVID-19 may have on the Nation and its operations for the year ending March 31, 2021 cannot be determined at the time these financial statements were issued.

EHATTESAHT/CHINEHKINT FIRST NATION

Schedule 1 - Segment Disclosure

March 31, 2020

March 31, 2020

	Core Government \$	Community Development \$	Housing \$	Capital \$	Economic Development \$	Treaty \$	Total \$
Revenue							
NTC	1,041,868	298,288	-	386,886	133,465	1,175,107	3,035,614
Other Revenue	<u>169,896</u>	<u>203,368</u>	<u>134,926</u>	<u>-</u>	<u>1,768,348</u>	<u>1,521</u>	<u>2,278,059</u>
	<u><u>1,211,764</u></u>	<u><u>501,656</u></u>	<u><u>134,926</u></u>	<u><u>386,886</u></u>	<u><u>1,901,813</u></u>	<u><u>1,176,628</u></u>	<u><u>5,313,673</u></u>
Expenses							
Other	977,347	350,087	227,426	151,289	598,422	10,114	2,314,685
Wages and Benefits	<u>462,636</u>	<u>154,953</u>	<u>17,382</u>	<u>-</u>	<u>128,386</u>	<u>-</u>	<u>763,357</u>
	<u><u>1,439,983</u></u>	<u><u>505,040</u></u>	<u><u>244,808</u></u>	<u><u>151,289</u></u>	<u><u>726,808</u></u>	<u><u>10,114</u></u>	<u><u>3,078,042</u></u>
Annual Surplus (Deficit)	<u>(228,219)</u>	<u>(3,384)</u>	<u>(109,882)</u>	<u>235,597</u>	<u>1,175,005</u>	<u>1,166,514</u>	<u>2,235,631</u>

March 31, 2019

	Core Government \$	Community Development \$	Housing \$	Capital \$	Economic Development \$	Treaty \$	Total \$
Revenue							
NTC	1,337,414	85,288	-	286,941	104,899	31,194	1,845,736
Other Revenue	<u>700,197</u>	<u>125,825</u>	<u>139,678</u>	<u>-</u>	<u>1,246,500</u>	<u>1,089</u>	<u>2,213,289</u>
	<u><u>2,037,611</u></u>	<u><u>211,113</u></u>	<u><u>139,678</u></u>	<u><u>286,941</u></u>	<u><u>1,351,399</u></u>	<u><u>32,283</u></u>	<u><u>4,059,025</u></u>
Expenses							
Other	1,352,968	191,531	215,614	116,919	378,723	49	2,255,804
Wages and Benefits	<u>273,670</u>	<u>105,731</u>	<u>20,212</u>	<u>-</u>	<u>132,191</u>	<u>-</u>	<u>531,804</u>
	<u><u>1,626,638</u></u>	<u><u>297,262</u></u>	<u><u>235,826</u></u>	<u><u>116,919</u></u>	<u><u>510,914</u></u>	<u><u>49</u></u>	<u><u>2,787,608</u></u>
Annual Surplus (Deficit)	<u>410,973</u>	<u>(86,149)</u>	<u>(96,148)</u>	<u>170,022</u>	<u>840,485</u>	<u>32,234</u>	<u>1,271,417</u>