

Dzawada'enuxw First Nation
Consolidated Financial Statements
March 31, 2019

Dzawada'enuxw First Nation

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For the year ended March 31, 2019

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Management's Responsibility

To the Members of Dzawada'enuxw First Nation:

The accompanying consolidated financial statements of Dzawada'enuxw First Nation are the responsibility of management and have been approved by Chair 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 Dzawada'enuxw First Nation Chair and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chair and Council fulfill these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chair and Council are also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by Chair 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 Chair and Council and management to discuss their audit findings.

August 7, 2019

Signed by: Robin Dawson

Interim DFN Administrator

Independent Auditor's Report

To the Members of Dzawada'enuxw First Nation:

Opinion

We have audited the consolidated financial statements of Dzawada'enuxw First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, 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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, 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 Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence to support the recognition of deferred revenues and the recognition of previously deferred revenues into revenues in the current year. As a result, we were unable to determine if adjustments are required to deferred revenue, revenue, annual surplus (deficit) and accumulated surplus for the year ended March 31, 2019.

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.

Other Matter

The consolidated financial statements for Dzawada'enuxw First Nation for the year ended March 31, 2018 were audited by another firm of public accountants who issued an unmodified opinion on October 23, 2018.

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

August 7, 2019

MNP LLP

Chartered Professional Accountants

Dzawada'enuxw First Nation
Consolidated Statement of Financial Position
As at March 31, 2019

	2019	2018
Financial assets		
Cash and cash equivalents	3,183,756	1,900,245
Accounts receivable (Note 3)	256,424	1,631,804
Investments in government business partnership (Note 4)	139,051	115,448
Funds held in trust (Note 5)	45,602	43,889
Restricted cash (Note 6)	28,112	15,502
Total financial assets	3,652,945	3,706,888
Liabilities		
Accounts payable and accruals (Note 7)	441,087	913,172
Deferred revenue (Note 8)	2,572,581	2,033,780
Long-term debt (Note 9)	63,593	106,625
Total liabilities	3,077,261	3,053,577
Net financial assets	575,684	653,311
Commitments (Note 10)		
Contingency (Note 11)		
Non-financial assets		
Tangible capital assets (Schedule 1)	2,845,994	2,864,638
Prepaid expenses	212,046	110,882
Total non-financial assets	3,058,040	2,975,520
Accumulated surplus (Note 12)	3,633,724	3,628,831
Approved on behalf of the Dzawada'enuxw First Nation		
Signed: by Farron Soukochoff	Council Chair	Signed by: Clyde Dawson
		Councillor

Dzawada'enuxw First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2019

	<i>Schedules</i>	2019 Budget (Note 17)	2019	2018
Revenue				
Indigenous Services Canada (Note 13)		1,892,928	2,841,977	5,923,678
Inter Tribal Health Authority		526,172	462,249	523,798
First Nation Health Authority		84,846	329,991	89,512
First Nations Education Steering Committee		74,773	174,661	53,452
Canada Mortgage and Housing Corporation		29,511	31,792	96,568
North Vancouver Island Aboriginal Training Society		19,481	18,874	14,164
Ottawa Trust		-	1,713	2,170
Health Canada		-	-	9,712
Province of British Columbia (deferred)		89,900	(190,094)	127,457
Other revenue		363,927	376,726	444,925
Rental income		73,611	57,290	83,857
Income from government business partnership (Note 4)		-	23,603	115,448
Interest income		5,640	21,051	6,147
		3,160,789	4,149,833	7,490,888
Expenses (Schedule 2)				
Public Works	3	1,021,046	1,315,954	1,691,661
Band Government	4	381,010	1,050,280	709,346
Education	5	820,719	714,147	621,942
Health	6	575,097	515,258	528,372
Community and Social Services	7	217,647	359,131	262,978
Economic Development	8	111,863	129,508	273,799
Housing	9	100,722	60,662	2,337,558
		3,228,104	4,144,940	6,425,656
Annual surplus (deficit)		(67,315)	4,893	1,065,232
Accumulated surplus, beginning of year		3,628,831	3,628,831	2,563,599
Accumulated surplus, end of year		3,561,516	3,633,724	3,628,831

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

Dzawada'enuxw First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2019

	2019 Budget (Note 17)	2019	2018
Annual surplus (deficit)	(67,315)	4,893	1,065,232
Purchases of tangible capital assets	-	(438,362)	(76,124)
Amortization of tangible capital assets	-	457,006	459,491
Use (acquisition) of prepaid expenses	-	(101,164)	17,312
Increase (decrease) in net financial assets	(67,315)	(77,627)	1,465,911
Net financial assets (debt), beginning of year	653,311	653,311	(812,600)
Net financial assets, end of year	585,996	575,684	653,311

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

Dzawada'enuxw First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	4,893	1,065,232
Non-cash items		
Amortization	457,006	459,491
Income from government business partnership	(23,603)	(115,414)
Funds held in trust	(1,715)	(2,170)
	436,581	1,407,139
Changes in working capital accounts		
Accounts receivable	1,375,380	(982,502)
Investment in government business partnership	-	(34)
Accounts payable and accruals	(472,083)	230,392
Deferred revenue	538,801	(178,364)
Prepaid expenses	(101,164)	17,312
Restricted cash	(12,610)	(15,506)
	1,764,905	478,437
Financing activities		
Repayment of long-term debt	(43,032)	(199,989)
Capital activities		
Purchases of tangible capital assets	(438,362)	(76,124)
Increase in cash and cash equivalents	1,283,511	202,324
Cash and cash equivalents, beginning of year	1,900,245	1,697,921
Cash and cash equivalents, end of year	3,183,756	1,900,245

Dzawada'enuxw First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

1. Operations

The Dzawada'enuxw First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Dzawada'enuxw First Nation includes the First Nation's members, government and all related entities that are accountable to the First 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 include 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 partnerships. Trusts administered on behalf of third parties by Dzawada'enuxw First Nation are excluded from the First Nation reporting entity.

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

- CMHC Social Housing Program

All inter-entity balances have been eliminated on consolidation.

Dzawada'enuxw First Nation business partnerships, owned or controlled by the First Nation's Chair 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 business partnership accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these partnerships 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. Partnerships accounted for by the modified equity basis include:

- Musgamagw Dzawada'enuxw Fisheries Group Limited Partnership

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.

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.

Cash and cash equivalents

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

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First 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 First Nation capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

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

Tangible capital assets

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

All intangible assets and items inherited by the right of the First Nation, such as reserved land, forests, water and mineral resources, are not recognized in the First 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:

	<i>Method</i>	<i>Rate</i>
Buildings	straight-line	25 years
Infrastructure	straight-line	25-50 years
Automotive equipment	straight-line	5-10 years
Furniture and equipment	straight-line	5-10 years
Computer equipment	straight-line	3-6 years

Long-lived assets

Long-lived assets consist 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. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus (deficit) for the year.

Use of estimates

The preparation of 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 financial statements, and the reported amounts of revenue and expenses during the reporting period.

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

Net financial assets

The First 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 First Nation is determined by its financial assets less its liabilities. Net financial assets is comprised of two components, non-financial assets and accumulated surplus.

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

Revenue recognition

i) Government Transfers

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 First 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) Other revenue

Other revenue is recognized when performance is completed, amounts are measurable and collection is reasonably assured.

Segments

The First Nation conducts its business through a number of reportable segments as described in Note 16. These operating segments are established by senior management to facilitate the achievement of the First 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.

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, 2019.

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, 2019, no liability for contaminated site exists.

Dzawada'enuxw First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

3. Accounts receivable

	2019	2018
Members	356,870	354,074
Indigenous Services Canada	54,111	1,117,578
CMHC subsidy assistance receivable	9,937	2,459
Other accounts receivable	7,208	256,463
Less: Allowance for doubtful accounts	(171,702)	(98,770)
	256,424	1,631,804

4. Investments in First Nation partnerships

Summary financial information for Musgamagw Dzawada'enuxw Fisheries Group Limited Partnership, accounted for using the modified equity method, for their respective year-end of March 31, 2019 is as follows:

	<i>Investment cost</i>	<i>Contributions</i>	<i>Earnings (loss)</i>	2019 Total investment
First Nation Business Partnerships – Modified Equity:				
Musgamagw Dzawada'enuxw Fisheries Group Limited Partnership - 33.33%	115,448	-	23,603	139,051

	<i>Investment cost</i>	<i>Contributions</i>	<i>Earnings (loss)</i>	2018 Total investment
First Nation Business Partnerships – Modified Equity:				
Musgamagw Dzawada'enuxw Fisheries Group Limited Partnership - 33.33%		34	115,414	115,448

Dzawada'enuxw First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

4. Investments in First Nation partnerships *(Continued from previous page)*

Musgamagw Dzawada'enuxw Fisheries Group Limited Partnership (the "Partnership") is a partnership formed on April 13, 2015 between Musgamagw Fisheries Group GP Ltd., the First Nation, Kwicksutaineuk-ah-kwaw-ah-mish First Nation and Gwawaenuk Tribe. The principal purpose of the Partnership is to participate and manage business opportunities generated by marine activities and related economic development activities occurring within the Musgamagw Territory.

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

	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Assets		
Cash	503,817	162,417
Accounts receivable	42,562	189,227
Prepaid expenses	4,938	3,500
Other assets	78,896	190,654
Tangible capital assets	114,505	93,770
Total assets	744,718	639,568
Liabilities		
Accounts payable and accruals	34,852	14,601
Deferred revenue	274,711	274,711
Other liabilities	18,486	3,877
Total liabilities	328,049	293,189
	416,669	346,379
Total revenue	433,133	561,088
Total expenses	362,318	214,709
	70,815	346,379

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 Council.

	2019	2018
Capital Trust		
Balance, beginning and end of year	11,516	11,516
Revenue Trust		
Balance, beginning of year	32,373	30,203
Interest	512	158
British Columbia special distribution	1,201	2,012
Balance, end of year	34,086	32,373
	45,602	43,889

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*.

Dzawada'enuxw First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

6. Restricted cash

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited in the amount of \$17,239 (2018 - \$21,923) 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 underfunded by \$2,808 (2018 - \$12,609).

Restricted cash is comprised of the following:

	2019	2018
Replacement reserve	28,112	15,502

7. Accounts payable and accruals

	2019	2018
Trade payables	375,711	824,952
Wages and benefits payable	32,476	53,659
Amounts owed to members	17,938	23,159
Government remittances payable	14,962	11,402
	441,087	913,172

Dzawada'enuxw First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received, net of recovery</i>	<i>Recognized as revenue</i>	<i>Balance, end of year</i>
ACRS - 12453/700	67,710	(57,147)	10,563	-
ACRS - 12453/710	63,875	(63,875)	-	-
ACRS - 12453/720	3,933	(3,933)	-	-
Housing admin - 11534/811	3,675	-	-	3,675
Electrical systems - 11246/825	161,946	-	161,946	-
Water systems upgrade - 11939/765	80,424	-	80,424	-
Post secondary education program	69,584	105,768	69,584	105,768
Adult education	32,652	23,784	32,652	23,784
Service delivery	24,590	-	24,590	-
Private tuition	2,571	2,571	2,571	2,571
Membership	7,732	4,234	5,000	6,966
Student accomodation	19,793	26,502	6,480	39,815
Teacher residence	9,920	17,391	9,920	17,391
Band support	130,000	200,000	130,000	200,000
Instructional services	81,711	130,978	81,711	130,978
Wastewater systems	-	26,527	-	26,527
BHP - allowance	1,727	1,871	1,727	1,871
BHP - guidance	5,390	7,220	5,390	7,220
BHP - ancillary support	6,884	861	6,884	861
BHP - computer education	442	663	442	663
Hydro 2009-2011	92,920	-	92,920	-
Province of British Columbia - FRA	653,081	590,000	293,000	950,081
Province of British Columbia - VC 17	14,264	500,000	14,264	500,000
Province of British Columbia - VC 18	100,000	27,813	100,000	27,813
First Nations Education Steering Committee	-	65,805	-	65,805
Other amounts	398,956	333,469	271,633	460,792
	2,033,780	1,940,502	1,401,701	2,572,581

Dzawada'enuxw First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

9. Long-term debt

	2019	2018
Royal Bank of Canada (social housing); demand loan repayable at \$2,085 per month including interest at 2.28% per annum, maturing April 1, 2020, secured by guarantee of Indigenous Services Canada	26,556	50,665
Royal Bank of Canada (social housing); demand loan repayable at \$1,143 per month including interest at 2.74% per annum, maturing January 1, 2022, secured by guarantee of Indigenous Services Canada	37,037	55,960
	63,593	106,625

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
2020	37,524
2021	15,103
2022	10,966
	63,593

10. Commitments

The First Nation has entered into various lease agreements with estimated minimum annual payments as follows:

2020	13,873
2021	13,873
2022	13,873
2023	13,256
2024	1,068
	55,943

11 Contingency

The financial results of the CMHC Social Housing program are subject to review by CMHC. It is possible that adjustments could be made based on the results of their review.

12. Accumulated surplus

Accumulated surplus consists of the following:

	2019	2018
Equity in tangible capital assets (operating)	2,765,969	2,735,599
Equity in tangible capital assets (social housing)	16,431	22,413
Equity in Ottawa Trust Fund	45,602	43,889
Replacement reserve	38,399	28,111
Equity in investment in government business partnership	139,051	115,448
Equity in operating fund	628,272	683,371
	3,633,724	3,628,831

Dzawada'enuxw First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

13. Indigenous Services Canada ("ISC") funding reconciliation

	2019	2018
Revenue per confirmation	2,732,707	5,923,678
ISC funding deferred	(637,895)	-
Deferred revenue recognized as revenue	747,165	-
	2,841,977	5,923,678

14. Economic dependence

Dzawada'enuxw 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 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. Defined contribution plan

Defined contribution pension plan

The First Nation has a defined contribution pension plan covering eligible members. Members are required to contribute 5.5% of their salary, and the First Nation matches this 5.5% contribution. The amount of retirement benefits to be received by the members will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The First Nation contributions and corresponding expense totalled \$16,361 in 2019 (2018 - \$14,790). The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2019.

16. 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:

Public Works:

Includes the maintenance of infrastructure owned by the First Nation.

Band Government:

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

Education:

Includes revenue and expenses related to primary, secondary and post secondary education of the members of the First Nation.

Health:

Includes activities related to the provision of health services within the First Nation.

Community and Social Services:

Includes revenue and expenditures related to programs put on to support the First Nation community

Housing:

Includes revenue and expenditures related to band-owned and CMHC housing.

Economic Development:

Includes activities related to the growth of revenue producing projects with the First Nation.

Dzawada'enuxw First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

17. Budget information

The disclosed budget information has been approved by the Chair and Council of Dzawada'enuxw First Nation. The original budget was approved at the Chair and Council meeting held on April 25, 2018.

Approved budgets were not prepared for all programs of the First Nation. As such, the budget figures in the Consolidated Statement of Operations and Accumulated Surplus are not presented for the same scope of activities as the actual results.

Budget figures on the Consolidated Statement of Operations and Accumulated Surplus are presented using the same basis of accounting as the actual results. A reconciliation of these amounts to the Chair and Council approved budget is as follows:

Budgeted annual deficit per the Consolidated Statement of Operations and Accumulated Surplus	\$(67,315)
Adjusted for:	
<u>Transfers between departments</u>	<u>\$(125,630)</u>
Budgeted annual deficit approved by Chair and Council	\$(192,945)

18. Comparative figures

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

Dzawada'enuxw First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2019

	<i>Buildings</i>	<i>Automotive equipment</i>	<i>Computer equipment</i>	<i>Furniture and equipment</i>	<i>Infrastructure</i>	<i>2019</i>	<i>2018</i>
Cost							
Balance, beginning of year	7,943,318	189,563	118,723	266,819	4,266,108	12,784,531	12,710,847
Acquisition of tangible capital assets	348,250	-	10,108	32,794	47,210	438,362	76,125
Disposal of tangible capital assets	-	-	-	-	-	-	(2,440)
Balance, end of year	8,291,568	189,563	128,831	299,613	4,313,318	13,222,893	12,784,532
Accumulated amortization							
Balance, beginning of year	6,768,887	88,666	112,180	234,256	2,715,904	9,919,893	9,462,843
Annual amortization	262,985	34,051	6,493	12,557	140,920	457,006	459,491
Accumulated amortization on disposals	-	-	-	-	-	-	(2,440)
Balance, end of year	7,031,872	122,717	118,673	246,813	2,856,824	10,376,899	9,919,894
Net book value of tangible capital assets	1,259,696	66,846	10,158	52,800	1,456,494	2,845,994	2,864,638
2018 Net book value of tangible capital assets	1,174,431	100,897	6,543	32,563	1,550,204	2,864,638	

Dzawada'enuxw First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2019

	2019 Budget (Note 17)	2019	2018
Consolidated expenses by object			
Administrative overhead	60,176	6,604	3,670
Advertising	-	-	321
Amortization	-	457,006	459,491
Bad debts	-	84,595	20,007
Bank charges and interest	67,102	8,591	12,402
Basic Needs	86,810	67,911	67,729
Chair and Council	-	3,432	-
Community donations	2,940	1,103	1,000
Consultants	218,978	610,849	3,014,998
Election expense	22,600	39,355	-
Equipment Rental	9,500	19,568	14,005
Family Violence	3,130	3,103	6,251
Freight	29,439	31,447	28,612
Fuel	403,000	325,639	348,421
Honoraria	40,760	43,775	43,911
In home care	12,951	11,952	10,956
Insurance	40,926	43,056	41,538
License and permits	175	1,129	174
Meeting	15,742	47,370	48,494
Office	54,051	53,178	57,516
Office rent	23,139	29,936	30,055
Other student expenses	2,000	550	4,000
Professional fees	121,131	295,955	124,150
Program expense	171,169	266,300	206,438
Repairs and maintenance	104,906	110,919	316,189
Salaries and benefits	1,181,963	933,918	919,909
Small equipment purchases	14,765	23,642	70
Special needs	14,565	11,127	15,374
Student accommodations	95,376	104,121	126,060
Student tuition	68,566	26,448	60,113
Students allowance	1,750	2,305	2,275
Supplies	100,267	100,770	120,793
Telephone and utilities	92,804	104,499	105,673
Training	21,000	63,703	21,404
Transfer to replacement reserve	19,003	3,696	12,381
Travel	127,420	207,388	181,276
	3,228,104	4,144,940	6,425,656

Dzawada'enuxw First Nation
Public Works
Schedule 3 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget (Note 17)	2019	2018
Revenue			
Indigenous Services Canada	753,680	1,527,845	2,742,812
First Nation Health Authority	-	4,912	-
Province of British Columbia (deferred)	14,900	(500,893)	-
Other revenue	123,373	159,417	129,368
Rental income	3,000	-	-
	894,953	1,191,281	2,872,180
Expenses			
Administrative overhead	130,518	117,315	106,717
Equipment Rental	9,500	19,568	14,005
Freight	10,656	13,051	10,544
Fuel	403,000	325,639	348,421
Insurance	18,615	20,745	19,262
License and permits	175	1,129	174
Program expense	-	3,172	8,700
Repairs and maintenance	92,660	89,794	135,317
Salaries and benefits	142,864	140,638	124,340
Small equipment purchases	765	120	-
Supplies	49,300	43,485	48,736
Telephone and utilities	29,826	35,899	37,632
Training	-	3,212	293
Travel	9,190	420	-
Consultants	123,977	493,349	767,654
Consultants	-	8,418	69,866
	1,021,046	1,315,954	1,691,661
Annual surplus (deficit) before transfers	(126,093)	(124,673)	1,180,519
Transfers between programs	81,371	85,500	(1,741,508)
Annual deficit	(44,722)	(39,173)	(560,989)

Dzawada'enuxw First Nation
Band Government
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget (Note 17)	2019	2018
Revenue			
Indigenous Services Canada	262,788	337,055	288,712
Province of British Columbia	65,000	267,799	7,457
Ottawa Trust	-	1,713	2,170
Other revenue	7,271	27,792	44,163
Interest income	5,640	21,051	6,147
	340,699	655,410	348,649
Expenses			
Administrative overhead recovery	(278,215)	(323,241)	(341,641)
Amortization	-	407,992	410,477
Bad debts	-	84,595	20,007
Bank charges and interest	9,486	6,464	9,341
Chair and council	-	3,432	-
Community donations	2,940	1,103	1,000
Election expense	22,600	37,489	-
Freight	4,500	2,293	4,559
Honoraria	39,600	39,975	39,561
Insurance	2,640	2,640	3,721
Meeting	2,800	4,863	21,175
Office	26,004	20,829	28,303
Office rent	8,400	15,597	14,911
Professional fees	100,600	285,648	40,352
Program expense	-	9,353	450
Repairs and maintenance	600	755	777
Salaries and benefits	364,255	287,356	302,618
Small equipment purchases	-	692	-
Supplies	2,220	1,869	1,603
Telephone and utilities	25,800	25,168	26,627
Training	10,000	19,645	3,467
Travel	22,380	93,180	93,840
Consultants	14,400	22,583	28,198
	381,010	1,050,280	709,346
Annual deficit before transfers	(40,311)	(394,870)	(360,697)
Transfers between programs	1,629	(3,175)	2,840,966
Annual surplus (deficit)	(38,682)	(398,045)	2,480,269

Dzawada'enuxw First Nation
Education
Schedule 5 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	<i>2019 Budget (Note 17)</i>	<i>2019</i>	<i>2018</i>
Revenue			
Indigenous Services Canada	683,310	557,309	594,900
First Nations Education Steering Committee	71,428	170,140	24,510
First Nation Health Authority	84,846	85,635	89,512
Other revenue	50,259	11,757	16,816
	889,843	824,841	725,738
Expenses			
Administrative overhead	93,226	92,211	76,277
Advertising	-	-	324
Freight	4,119	8,171	4,960
Honoraria	700	-	-
Office	15,883	20,173	12,506
Office rent	6,000	6,000	6,000
Other student expenses	2,000	551	4,000
Program expense	63,596	59,802	29,698
Salaries and benefits	373,033	294,671	258,820
Small equipment purchases	14,000	20,739	70
Student accommodations	95,376	104,121	126,060
Student tuition	68,566	26,448	60,113
Students allowance	1,750	2,305	2,275
Supplies	21,625	22,947	17,158
Telephone and utilities	7,838	10,498	7,534
Training	6,000	27,896	7,739
Travel	36,400	16,394	7,042
Consultants	10,607	1,220	1,366
	820,719	714,147	621,942
Annual surplus before transfers	69,124	110,694	103,796
Transfers between programs	(83,000)	(83,000)	(964,025)
Annual surplus (deficit)	(13,876)	27,694	(860,229)

Dzawada'enuxw First Nation
Health
Schedule 6 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget (Note 17)	2019	2018
Revenue			
Inter Tribal Health Authority	526,172	458,308	523,798
Other revenue	69,922	29,111	17,585
Rental income	6,600	3,053	3,417
	602,694	490,472	544,800
Expenses			
Administrative overhead	76,342	63,675	68,672
Election expense	-	200	-
Freight	8,064	6,176	6,499
Insurance	6,394	6,394	5,876
Meeting	7,000	10,518	9,550
Office	7,964	7,904	10,707
Office rent	6,039	5,758	5,563
Program expense	99,073	120,337	151,185
Repairs and maintenance	9,246	3,763	11,650
Salaries and benefits	250,031	186,917	162,525
Supplies	14,460	12,688	14,767
Telephone and utilities	27,000	27,881	27,851
Training	-	623	540
Travel	33,590	23,076	20,042
Consultants	29,894	39,348	32,945
	575,097	515,258	528,372
Annual surplus (deficit) before transfers	27,597	(24,786)	16,428
Transfers between programs	2,400	(100)	(305,596)
Annual surplus (deficit)	29,997	(24,886)	(289,168)

Dzawada'enuxw First Nation
Community and Social Services
Schedule 7 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget (Note 17)	2019	2018
Revenue			
Indigenous Services Canada	160,419	279,383	128,139
First Nation Health Authority	-	52,444	-
North Vancouver Island Aboriginal Training Society	19,481	18,874	14,164
First Nations Education Steering Committee	3,345	4,521	28,942
Inter Tribal Health Authority	-	3,940	-
Province of British Columbia	-	1,000	-
Health Canada	-	-	9,712
Other revenue	36,802	67,350	65,629
	220,047	427,512	246,586
Expenses			
Administrative overhead	18,102	26,727	19,194
Basic Needs	86,810	67,911	67,729
Election expense	-	1,667	-
Family Violence	3,130	3,103	6,251
Freight	-	70	-
Honoraria	400	3,450	4,290
In home care	12,951	11,952	10,956
Meeting	5,942	31,989	14,395
Office	4,200	4,272	6,000
Office rent	-	-	1,000
Program expense	2,500	62,502	16,405
Repairs and maintenance	-	4,482	-
Salaries and benefits	51,780	24,337	43,726
Special needs	14,565	11,127	15,374
Supplies	407	11,439	7,048
Telephone and utilities	-	1,130	1,121
Training	1,000	11,328	9,365
Travel	15,360	62,518	32,424
Consultants	500	19,127	7,700
	217,647	359,131	262,978
Annual surplus (deficit) before transfers	2,400	68,381	(16,392)
Transfers between programs	(2,400)	(100)	5,796
Annual surplus (deficit)	-	68,281	(10,596)

Dzawada'enuxw First Nation
Economic Development
Schedule 8 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget (Note 17)	2019	2018
Revenue			
Province of British Columbia	10,000	42,000	120,000
Indigenous Services Canada	32,731	24,703	9,210
Other revenue	69,100	63,535	163,744
Income from government business partnership	-	23,603	115,448
	111,831	153,841	408,402
Expenses			
Administrative overhead	14,160	15,055	38,083
Freight	2,100	1,685	2,050
Honoraria	60	350	60
Meeting	-	-	3,374
Office rent	2,700	2,580	2,580
Professional fees	20,531	5,806	80,798
Program expense	6,000	11,134	-
Salaries and benefits	-	-	27,882
Small equipment purchases	-	2,091	-
Supplies	9,872	7,032	31,480
Telephone and utilities	2,340	3,922	4,908
Training	4,000	999	-
Travel	10,500	11,803	27,927
Consultants	39,600	67,051	54,657
	111,863	129,508	273,799
Annual surplus (deficit) before transfers	(32)	24,333	134,603
Transfers between programs	-	875	164,367
Annual surplus (deficit)	(32)	25,208	298,970

Dzawada'enuxw First Nation
Housing
Schedule 9 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget (Note 17)	2019	2018
Revenue			
First Nation Health Authority	-	187,000	-
Indigenous Services Canada	-	115,683	2,159,905
Canada Mortgage and Housing Corporation	29,511	31,792	96,568
Rental income	64,011	54,238	80,440
Other revenue	7,200	17,763	7,620
	100,722	406,476	2,344,533
Expenses			
Administrative overhead	6,043	14,862	36,368
Amortization	-	49,013	49,013
Bank charges and interest	57,616	2,127	3,061
Insurance	13,277	13,277	12,679
Professional fees	-	4,500	3,000
Repairs and maintenance	2,400	12,124	168,445
Supplies	2,383	1,310	-
Transfer to replacement reserve	19,003	3,696	12,381
Consultants	-	(86,838)	-
Consultants	-	46,591	2,052,611
	100,722	60,662	2,337,558
Annual surplus	-	345,814	6,975