

**Dzawada'enuxw First Nation**  
**Consolidated Financial Statements**  
*March 31, 2020*

# Dzawada'enuxw First Nation

## Contents

*For the year ended March 31, 2020*

**Page**

### **Management's Responsibility**

### **Independent Auditor's Report**

### **Consolidated Financial Statements**

Consolidated Statement of Financial Position..... 1

Consolidated Statement of Operations and Accumulated Surplus..... 2

Consolidated Statement of Changes in Net Financial Assets..... 3

Consolidated Statement of Cash Flows..... 4

### **Notes to the Consolidated Financial Statements..... 5**

Schedule 1 - Consolidated Schedule of Tangible Capital Assets..... 15

Schedule 2 - Schedule of Consolidated Expenses by Object..... 16

Schedule 3 - Schedule of Revenue and Expenses - Public Works..... 17

Schedule 4 - Schedule of Revenue and Expenses - Band Government..... 18

Schedule 5 - Schedule of Revenue and Expenses - Education..... 19

Schedule 6 - Schedule of Revenue and Expenses - Health..... 20

Schedule 7 - Schedule of Revenue and Expenses - Community and Social Services..... 21

Schedule 8 - Schedule of Revenue and Expenses - Economic Development..... 22

Schedule 9 - Schedule of Revenue and Expenses - Housing..... 23

## 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 fulfil 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.

December 2, 2020

Signed by: Pam Dawson

---

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, 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 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, 2020, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence to support the recognition of deferred revenue and the recognition of previously deferred revenue into revenue 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 years ended March 31, 2020 and 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.

### 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 intends 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

December 2, 2020

*MNP LLP*

Chartered Professional Accountants

# Dzawada'enuxw First Nation

## Consolidated Statement of Financial Position

*As at March 31, 2020*

	2020	2019
<b>Financial assets</b>		
Cash and cash equivalents	4,137,292	3,183,756
Accounts receivable (Note 3)	299,215	256,424
Investments in First Nation partnerships (Note 4)	183,961	139,051
Funds held in trust (Note 5)	48,067	45,602
Restricted cash (Note 6)	28,112	28,112
<b>Total financial assets</b>	<b>4,696,647</b>	<b>3,652,945</b>
<b>Liabilities</b>		
Accounts payable and accruals (Note 7)	583,213	441,087
Deferred revenue (Note 8)	3,951,634	2,572,581
Long-term debt (Note 9)	26,078	63,593
<b>Total liabilities</b>	<b>4,560,925</b>	<b>3,077,261</b>
<b>Net financial assets</b>	<b>135,722</b>	<b>575,684</b>
<b>Commitments</b> (Note 10)		
<b>Contingency</b> (Note 11)		
<b>Significant event</b> (Note 18)		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	2,705,563	2,845,994
Prepaid expenses	96,198	212,043
<b>Total non-financial assets</b>	<b>2,801,761</b>	<b>3,058,037</b>
<b>Accumulated surplus</b> (Note 12)	<b>2,937,483</b>	<b>3,633,721</b>

Approved on behalf of the Dzawada'enuxw First Nation

Signed by: Willie Moon

Council Chair

Signed by: Clyde Dawson

Councilor

# Dzawada'enuxw First Nation

## Consolidated Statement of Operations and Accumulated Surplus

*For the year ended March 31, 2020*

	<i>Schedules</i>	<i>2020 Budget (Note 17)</i>	<i>2020</i>	<i>2019</i>
<b>Revenue</b>				
Indigenous Services Canada (Note 13)		2,667,812	2,460,639	2,841,977
Inter Tribal Health Authority		91,000	69,736	65,522
First Nation Health Authority		879,526	456,053	726,718
First Nations Education Steering Committee		175,389	193,719	174,661
Canada Mortgage and Housing Corporation		29,511	28,221	31,792
North Vancouver Island Aboriginal Training Society		19,390	20,773	18,874
Ottawa Trust		-	2,466	1,713
Province of British Columbia (deferred)		183,000	344,714	(190,094)
Other revenue		1,132,865	416,592	376,726
Rental income		70,560	63,760	57,290
Income from investment in First Nation partnerships (Note 4)		-	44,910	23,603
Interest income		18,000	33,959	21,051
		<b>5,267,053</b>	<b>4,135,542</b>	<b>4,149,833</b>
<b>Expenses (Schedule 2)</b>				
Public Works	3	915,635	1,421,452	1,315,955
Band Government	4	681,546	1,536,647	1,050,280
Education	5	1,034,109	764,451	714,147
Health	6	805,048	516,760	515,258
Community and Social Services	7	341,546	267,021	359,131
Economic Development	8	297,602	149,517	129,508
Housing	9	100,071	175,932	60,662
		<b>4,175,557</b>	<b>4,831,780</b>	<b>4,144,941</b>
<b>Transfers between programs</b>		<b>(186,000)</b>	<b>-</b>	<b>-</b>
<b>Annual surplus (deficit)</b>		<b>905,496</b>	<b>(696,238)</b>	<b>4,892</b>
<b>Accumulated surplus, beginning of year</b>		<b>3,633,721</b>	<b>3,633,721</b>	<b>3,628,829</b>
<b>Accumulated surplus, end of year</b>		<b>4,539,217</b>	<b>2,937,483</b>	<b>3,633,721</b>

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

**Dzawada'enuxw First Nation**  
**Consolidated Statement of Changes in Net Financial Assets**  
*For the year ended March 31, 2020*

	<i>2020 Budget (Note 17)</i>	<i>2020</i>	<i>2019</i>
<b>Annual surplus (deficit)</b>	<b>905,496</b>	<b>(696,238)</b>	4,892
Purchases of tangible capital assets	-	<b>(388,588)</b>	(438,363)
Amortization of tangible capital assets	-	<b>529,019</b>	457,006
Acquisition of prepaid expenses	-	-	(101,162)
Use of prepaid expenses	-	<b>115,845</b>	-
<b>Change in net financial assets</b>	<b>905,496</b>	<b>(439,962)</b>	(77,627)
<b>Net financial assets, beginning of year</b>	<b>575,684</b>	<b>575,684</b>	653,311
<b>Net financial assets, end of year</b>	<b>1,481,180</b>	<b>135,722</b>	575,684

*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, 2020*

	2020	2019
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus (deficit)	(696,238)	4,892
Non-cash items		
Amortization	529,019	457,006
Funds held in trust	(2,465)	(1,715)
Income from investment in First Nation partnerships	(44,910)	(23,603)
	(214,594)	436,580
Changes in working capital accounts		
Accounts receivable	(42,791)	1,375,380
Accounts payable and accruals	142,126	(472,083)
Deferred revenue	1,379,053	538,801
Restricted cash	-	(12,610)
Prepaid expenses	115,845	(101,162)
	1,379,639	1,764,906
<b>Financing activities</b>		
Repayment of long-term debt	(37,515)	(43,032)
<b>Capital activities</b>		
Purchases of tangible capital assets	(388,588)	(438,363)
<b>Increase in cash and cash equivalents</b>	<b>953,536</b>	<b>1,283,511</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>3,183,756</b>	<b>1,900,245</b>
<b>Cash and cash equivalents, end of year</b>	<b>4,137,292</b>	<b>3,183,756</b>

# Dzawada'enuxw First Nation

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2020*

---

### 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
- Dzawada'enuxw Development Corporation

#### ***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 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:

	<b><i>Method</i></b>	<b><i>Rate</i></b>
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.

***Measurement uncertainty (use of estimates)***

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and 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 are determined by its financial assets less its liabilities. Net financial assets are comprised of two components, non-financial assets and accumulated surplus.

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

**3. Accounts receivable**

	<b>2020</b>	<b>2019</b>
Members	<b>355,466</b>	356,870
Indigenous Services Canada	<b>127,061</b>	54,111
Other accounts receivable	<b>25,993</b>	7,208
CMHC subsidy assistance receivable	<b>1,170</b>	9,937
Less: Allowance for doubtful accounts	<b>(210,475)</b>	(171,702)
	<b>299,215</b>	256,424

**4. Investments in First Nation partnerships**

Summary financial information for Musgamagw Dzawada'enuxw Fisheries Group Limited Partnership, accounted for using the modified equity method is as follows:

	<i>Investment cost</i>	<i>Contributions</i>	<i>Earnings</i>	<b>2020 Total investment</b>
Musgamagw Dzawada'enuxw Fisheries Group Limited Partnership - 33.33%	<b>139,051</b>	-	<b>44,910</b>	<b>183,961</b>

  

	<i>Investment cost</i>	<i>Contributions</i>	<i>Earnings</i>	<b>2019 Total investment</b>
Musgamagw Dzawada'enuxw Fisheries Group Limited Partnership - 33.33%		115,448	23,603	139,051

# Dzawada'enuxw First Nation

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2020*

### 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, 2020</i>	<i>As at March 31, 2019</i>
<b>Assets</b>		
Cash	478,911	503,817
Accounts receivable	162,464	42,562
Prepaid expenses	4,826	4,938
Other assets	131,546	78,896
Tangible capital assets	109,772	114,505
<b>Total assets</b>	<b>887,519</b>	<b>744,718</b>
<b>Liabilities</b>		
Accounts payable and accruals	55,106	34,852
Deferred revenue	274,711	274,711
Other liabilities	6,288	18,486
<b>Total liabilities</b>	<b>336,105</b>	<b>328,049</b>
	<b>551,414</b>	<b>416,669</b>
<b>Total revenue</b>	<b>491,460</b>	<b>433,133</b>
<b>Total expenses</b>	<b>361,908</b>	<b>362,318</b>
	<b>129,552</b>	<b>70,815</b>

### 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.

	<i>2020</i>	<i>2019</i>
<b>Capital Trust</b>		
Balance, beginning and end of year	11,516	11,516
<b>Revenue Trust</b>		
Balance, beginning of year	34,806	32,373
Interest	537	512
British Columbia special distribution	1,208	1,201
Balance, end of year	36,551	34,086
	<b>48,067</b>	<b>45,602</b>

### 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, 2020*

---

**6. Restricted cash**

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited in the amount of \$4,913 (2019 - \$17,239) 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, the reserve was adequately funded (2019 - underfunded by \$2,808).

**7. Accounts payable and accruals**

	<b>2020</b>	<b>2019</b>
Trade payables	<b>498,051</b>	375,711
Wages and vacation payable	<b>58,420</b>	32,476
Amounts owed to members	<b>15,375</b>	17,938
Government remittances payable	<b>11,367</b>	14,962
	<b>583,213</b>	441,087

---

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

**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>
Housing admin - 11534/811	3,675	-	-	3,675
Post secondary education program	105,768	71,359	105,768	71,359
Adult education	23,784	10,699	23,784	10,699
Community based initiative	-	119,444	-	119,444
Private tuition	2,571	2,571	2,571	2,571
Membership	6,966	10,093	6,966	10,093
Student accommodation	39,815	46,255	39,815	46,255
Teacher residence	17,391	5,998	17,391	5,998
Band support	200,000	164,921	200,000	164,921
Instructional services	130,978	199,886	130,978	199,886
Wastewater systems	26,527	-	26,527	-
BHP - allowance	1,871	-	1,871	-
BHP - guidance	7,220	-	7,220	-
BHP - ancillary support	861	-	861	-
BHP - computer education	663	-	663	-
Province of British Columbia - FRA	950,081	16,649	166,500	800,230
Province of British Columbia - VC 17	27,813	-	27,813	-
Province of British Columbia - VC 18	500,000	374,390	500,000	374,390
Province of British Columbia - Gaming	-	580,422	-	580,422
First Nations Education Steering Committee	65,805	-	65,805	-
Other amounts - ISC	-	75,786	-	75,786
Other amounts	460,792	1,255,073	229,960	1,485,905
	<b>2,572,581</b>	<b>2,933,546</b>	<b>1,554,493</b>	<b>3,951,634</b>

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

**9. Long-term debt**

	<b>2020</b>	<b>2019</b>
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	<b>1,892</b>	26,556
Royal Bank of Canada (social housing); demand loan repayable at \$1,143 per month including interest at 2.74% per annum, maturing July 1, 2022, secured by guarantee of Indigenous Services Canada	<b>24,186</b>	37,037
	<b>26,078</b>	63,593

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

	Principal
2021	15,103
2022	10,975
	<b>26,078</b>

**10. Commitments**

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

2021	<b>13,873</b>
2022	<b>13,873</b>
2023	<b>13,256</b>
2024	<b>1,068</b>
	<b>42,070</b>

**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:

	<b>2020</b>	<b>2019</b>
Equity in tangible capital assets (operating)	<b>2,663,925</b>	2,765,969
Equity in tangible capital assets (social housing)	<b>15,560</b>	16,431
Equity in Ottawa Trust Fund	<b>48,067</b>	45,602
Replacement reserve	<b>19,119</b>	38,399
Equity in investment in First Nation partnerships	<b>183,961</b>	139,051
Equity (deficit) in operating fund	<b>6,851</b>	628,269
	<b>2,937,483</b>	3,633,721

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

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

	2020	2019
Revenue per confirmation	2,666,178	2,732,707
ISC funding deferred	(704,552)	(637,895)
Recoveries	54,035	7,922
Deferred revenue recognized as revenue	444,978	739,243
	<b>2,460,639</b>	<b>2,841,977</b>

**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 totaled \$14,529 in 2020 (2019 - \$16,361). The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2020.

**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.

**Economic Development:**

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

**Housing:**

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

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

---

**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 August 19, 2019.

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 surplus per the Consolidated Statement of Operations and Accumulated Surplus	\$ 905,496
Adjusted for:	
<u>Capital items expensed in budget</u>	<u>\$(407,980)</u>
Budgeted annual surplus approved by Chair and Council	\$ 497,516

**18. Significant event**

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Company's business and financial condition.

**19. 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, 2020*

	<i>Buildings</i>	<i>Automotive equipment</i>	<i>Computer equipment</i>	<i>Furniture and equipment</i>	<i>Infrastructure</i>	<i>2020</i>	<i>2019</i>
<b>Cost</b>							
Balance, beginning of year	8,291,568	189,563	128,831	299,613	4,313,318	13,222,893	12,784,531
Acquisition of tangible capital assets	-	105,715	17,622	16,413	248,838	388,588	438,362
Balance, end of year	8,291,568	295,278	146,453	316,026	4,562,156	13,611,481	13,222,893
<b>Accumulated amortization</b>							
Balance, beginning of year	7,031,872	122,717	118,673	246,813	2,856,824	10,376,899	9,919,893
Annual amortization	259,323	26,374	7,835	16,217	219,270	529,019	457,006
Balance, end of year	7,291,195	149,091	126,508	263,030	3,076,094	10,905,918	10,376,899
<b>Net book value of tangible capital assets</b>	<b>1,000,373</b>	<b>146,187</b>	<b>19,945</b>	<b>52,996</b>	<b>1,486,062</b>	<b>2,705,563</b>	<b>2,845,994</b>
2019 Net book value of tangible capital assets	1,259,696	66,846	10,158	52,800	1,456,494	2,845,994	

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

	<i>2020 Budget (Note 17)</i>	<i>2020</i>	<i>2019</i>
<b>Consolidated expenses by object</b>			
Administrative overhead	128,504	3,301	6,604
Amortization	-	529,019	457,006
Bad debts	-	39,710	84,595
Bank charges and interest	45,267	9,058	8,591
Basic Needs	83,348	93,486	67,911
Chair and Council	7,500	-	3,432
Community donations	1,200	292	1,103
Consultants	369,625	511,428	610,849
Election expense	19,400	4,877	39,355
Equipment Rental	42,504	9,422	19,568
Family Violence	3,150	-	3,103
Freight	32,258	32,103	31,447
Fuel	352,880	577,489	325,639
Honoraria	53,100	38,600	43,775
In home care	12,754	11,952	11,952
Insurance	48,723	50,852	43,056
License and permits	1,129	2,422	1,129
Meeting	29,853	44,665	47,370
Office	61,308	60,535	53,178
Office rent	33,219	29,179	29,936
Other student expenses	6,000	-	550
Professional fees	232,900	273,216	295,955
Program education	10,800	11,377	-
Program expense	456,657	305,636	266,300
Repairs and maintenance	212,536	225,551	110,919
Salaries and benefits	1,128,957	998,299	933,918
Small equipment purchases	73,946	41,017	23,642
Special needs	-	8,307	11,127
Student accommodations	164,022	180,960	104,121
Student tuition	47,310	52,487	26,448
Students allowance	5,575	4,775	2,305
Supplies	117,148	138,445	100,770
Telephone and utilities	100,001	101,581	104,499
Training	105,924	45,582	63,703
Transfer to replacement reserve	19,003	1,738	3,696
Travel	169,056	394,419	207,389
	<b>4,175,557</b>	<b>4,831,780</b>	<b>4,144,941</b>

**Dzawada'enuxw First Nation**  
**Public Works**  
**Schedule 3 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 17)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Indigenous Services Canada	793,220	901,037	1,527,845
First Nation Health Authority	-	-	4,912
Province of British Columbia (deferred)	16,500	155,822	(500,893)
Other revenue	114,320	132,638	159,417
	<b>924,040</b>	<b>1,189,497</b>	<b>1,191,281</b>
<b>Expenses</b>			
Administrative overhead	84,079	111,235	117,315
Consultants	82,906	294,275	501,768
Equipment Rental	42,504	9,290	19,568
Freight	9,768	10,063	13,051
Fuel	352,880	577,489	325,639
Insurance	21,877	24,569	20,745
License and permits	1,129	2,422	1,129
Program expense	-	1,793	3,172
Repairs and maintenance	94,854	134,224	89,794
Salaries and benefits	141,890	149,934	140,638
Small equipment purchases	-	-	120
Supplies	44,004	69,439	43,485
Telephone and utilities	31,980	35,694	35,899
Training	3,960	-	3,212
Travel	3,804	1,025	420
	<b>915,635</b>	<b>1,421,452</b>	<b>1,315,955</b>
<b>Annual surplus (deficit) before transfers</b>	<b>8,405</b>	<b>(231,955)</b>	<b>(124,674)</b>
<b>Transfers between programs</b>	<b>(10,000)</b>	<b>83,000</b>	<b>85,500</b>
<b>Annual deficit</b>	<b>(1,595)</b>	<b>(148,955)</b>	<b>(39,174)</b>

**Dzawada'enuxw First Nation**  
**Band Government**  
**Schedule 4 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 17)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Indigenous Services Canada	353,976	627,559	207,055
Ottawa Trust	-	2,466	1,713
Province of British Columbia	128,100	139,107	267,799
Other revenue	82,706	39,136	27,792
Interest income	18,000	33,959	21,051
	<b>582,782</b>	<b>842,227</b>	<b>525,410</b>
<b>Expenses</b>			
Administrative overhead recovery	(259,312)	(281,081)	(323,241)
Amortization	-	490,633	407,992
Bad debts	-	39,710	84,595
Bank charges and interest	6,540	7,905	6,464
Chair and council	7,500	-	3,432
Community donations	1,200	292	1,103
Consultants	83,500	71,519	22,583
Election expense	19,400	4,877	37,489
Freight	2,400	5,360	2,293
Honoraria	43,600	37,650	39,975
Insurance	2,840	2,683	2,640
Meeting	13,275	13,479	4,863
Office	36,280	27,798	20,829
Office rent	15,600	11,380	15,597
Professional fees	153,400	225,615	285,648
Program expense	62,400	87,178	9,353
Repairs and maintenance	15,300	66,851	755
Salaries and benefits	367,483	310,073	287,356
Small equipment purchases	-	-	692
Supplies	5,940	19,844	1,869
Telephone and utilities	26,100	21,069	25,168
Training	20,500	30,522	19,645
Travel	57,600	343,290	93,180
	<b>681,546</b>	<b>1,536,647</b>	<b>1,050,280</b>
<b>Annual surplus (deficit) before transfers</b>	<b>(98,764)</b>	<b>(694,420)</b>	<b>(524,870)</b>
<b>Transfers between programs</b>	<b>(63,000)</b>	<b>-</b>	<b>(3,175)</b>
<b>Annual surplus (deficit)</b>	<b>(161,764)</b>	<b>(694,420)</b>	<b>(528,045)</b>

**Dzawada'enuxw First Nation**  
**Education**  
**Schedule 5 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<i>2020 Budget (Note 17)</i>	<i>2020</i>	<i>2019</i>
<b>Revenue</b>			
Indigenous Services Canada	996,268	648,674	557,309
First Nations Education Steering Committee	170,868	189,335	170,140
First Nation Health Authority	89,512	72,216	85,635
Province of British Columbia	-	15,000	-
Other revenue	31,192	16,775	11,757
	<b>1,287,840</b>	<b>942,000</b>	<b>824,841</b>
<b>Expenses</b>			
Administrative overhead	118,914	92,714	92,211
Consultants	27,787	6,230	1,220
Freight	9,500	8,680	8,171
Honoraria	900	-	-
Insurance	2,500	-	-
Office	15,616	11,981	20,173
Office rent	6,000	6,000	6,000
Other student expenses	6,000	-	551
Program expense	163,370	56,330	59,802
Repairs and maintenance	67,291	5,292	-
Salaries and benefits	292,268	273,214	294,671
Small equipment purchases	1,000	25	20,739
Student accommodations	164,022	180,960	104,121
Student tuition	47,310	52,487	26,448
Students allowance	5,575	4,775	2,305
Supplies	38,059	30,439	22,947
Telephone and utilities	9,413	11,161	10,498
Training	28,584	8,726	27,896
Travel	30,000	15,437	16,394
	<b>1,034,109</b>	<b>764,451</b>	<b>714,147</b>
<b>Annual surplus before transfers</b>	<b>253,731</b>	<b>177,549</b>	<b>110,694</b>
<b>Transfers between programs</b>	<b>(83,000)</b>	<b>(83,000)</b>	<b>(83,000)</b>
<b>Annual surplus</b>	<b>170,731</b>	<b>94,549</b>	<b>27,694</b>

**Dzawada'enuxw First Nation**  
**Health**  
**Schedule 6 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 17)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
First Nation Health Authority	790,014	383,838	396,727
Inter Tribal Health Authority	91,000	69,736	61,582
Other revenue	99,234	53,639	29,111
Rental income	6,000	7,805	3,053
	<b>986,248</b>	<b>515,018</b>	490,473
<b>Expenses</b>			
Administrative overhead	91,149	47,827	63,675
Consultants	138,232	32,233	39,348
Election expense	-	-	200
Freight	7,800	6,081	6,176
Insurance	6,728	8,823	6,394
Meeting	11,000	16,551	10,518
Office	4,212	6,432	7,904
Office rent	6,039	6,220	5,758
Program expense	162,867	104,359	120,337
Repairs and maintenance	12,948	3,007	3,763
Salaries and benefits	271,188	213,650	186,917
Supplies	17,400	9,985	12,688
Telephone and utilities	27,288	28,451	27,881
Training	-	6,335	623
Travel	48,197	26,806	23,076
	<b>805,048</b>	<b>516,760</b>	515,258
<b>Annual surplus (deficit) before transfers</b>	<b>181,200</b>	<b>(1,742)</b>	(24,785)
<b>Transfers between programs</b>	<b>(27,600)</b>	<b>2,400</b>	(100)
<b>Annual surplus (deficit)</b>	<b>153,600</b>	<b>658</b>	(24,885)

**Dzawada'enuxw First Nation**  
**Community and Social Services**  
**Schedule 7 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 17)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Indigenous Services Canada	290,852	152,396	279,383
First Nation Health Authority	-	-	52,444
North Vancouver Island Aboriginal Training Society	19,390	20,773	18,874
First Nations Education Steering Committee	4,521	4,384	4,521
Inter Tribal Health Authority	-	-	3,940
Province of British Columbia	-	-	1,000
Other revenue	95,246	88,800	67,350
	<b>410,009</b>	<b>266,353</b>	<b>427,512</b>
<b>Expenses</b>			
Administrative overhead	16,064	7,349	26,727
Basic Needs	83,348	93,486	67,911
Consultants	18,200	12,842	19,127
Election expense	-	-	1,667
Family Violence	3,150	-	3,103
Freight	-	140	70
Honoraria	5,000	-	3,450
In home care	12,754	11,952	11,952
Meeting	5,578	14,634	31,989
Office	4,200	4,200	4,272
Program expense	68,020	55,976	62,502
Repairs and maintenance	7,684	-	4,482
Salaries and benefits	53,628	51,428	24,337
Special needs	-	8,307	11,127
Supplies	145	621	11,439
Telephone and utilities	1,260	1,202	1,130
Training	52,880	-	11,328
Travel	9,635	4,884	62,518
	<b>341,546</b>	<b>267,021</b>	<b>359,131</b>
<b>Annual surplus (deficit) before transfers</b>	<b>68,463</b>	<b>(668)</b>	<b>68,381</b>
<b>Transfers between programs</b>	<b>(2,400)</b>	<b>(2,400)</b>	<b>(100)</b>
<b>Annual surplus (deficit)</b>	<b>66,063</b>	<b>(3,068)</b>	<b>68,281</b>

**Dzawada'enuxw First Nation**  
**Economic Development**  
**Schedule 8 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<i>2020 Budget (Note 17)</i>	<i>2020</i>	<i>2019</i>
<b>Revenue</b>			
Province of British Columbia	38,400	34,785	42,000
Indigenous Services Canada	33,496	31,398	24,703
Other revenue	704,167	80,104	63,535
Income from investment in First Nation partnerships	-	44,910	23,603
	<b>776,063</b>	<b>191,197</b>	<b>153,841</b>
<b>Expenses</b>			
Administrative overhead	71,606	14,629	15,055
Consultants	19,000	7,496	67,051
Equipment Rental	-	132	-
Freight	2,790	1,780	1,685
Honoraria	3,600	950	350
Office	1,000	10,124	-
Office rent	5,580	5,580	2,580
Professional fees	75,000	42,877	5,806
Program education	10,800	11,377	-
Program expense	-	-	11,134
Salaries and benefits	2,500	-	-
Small equipment purchases	72,946	40,992	2,091
Supplies	9,000	6,601	7,032
Telephone and utilities	3,960	4,003	3,922
Training	-	-	999
Travel	19,820	2,976	11,803
	<b>297,602</b>	<b>149,517</b>	<b>129,508</b>
<b>Annual surplus before transfers</b>	<b>478,461</b>	<b>41,680</b>	<b>24,333</b>
<b>Transfers between programs</b>	<b>-</b>	<b>-</b>	<b>875</b>
<b>Annual surplus</b>	<b>478,461</b>	<b>41,680</b>	<b>25,208</b>

**Dzawada'enuxw First Nation**  
**Housing**  
**Schedule 9 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 17)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
First Nation Health Authority	-	-	187,000
Indigenous Services Canada	-	94,495	115,683
Canada Mortgage and Housing Corporation	29,511	28,221	31,792
Rental income	64,560	55,955	54,238
Other revenue	6,000	5,500	17,763
	<b>100,071</b>	<b>184,171</b>	<b>406,476</b>
<b>Expenses</b>			
Administrative overhead	6,004	10,628	14,862
Amortization	-	38,386	49,013
Bank charges and interest	38,727	1,153	2,127
Consultants (recovery)	-	86,833	(40,247)
Insurance	14,778	14,778	13,277
Professional fees	4,500	4,725	4,500
Repairs and maintenance	14,459	16,176	12,124
Supplies	2,600	1,515	1,310
Transfer to replacement reserve	19,003	1,738	3,696
	<b>100,071</b>	<b>175,932</b>	<b>60,662</b>
<b>Annual surplus</b>	<b>-</b>	<b>8,239</b>	<b>345,814</b>