



Snuneymuxw First Nation
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2019

Snuneymuxw First Nation CONSOLIDATED FINANCIAL STATEMENTS INDEX TO STATEMENTS

For the year ended March 31, 2019

Management's Responsibility for Financial Reporting

Independent Auditor's Report

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Snuneymuxw First Nation
MARCH 31, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Snuneymuxw First Nation and all the information in this annual report are the responsibility of Chief and Council and have been approved by the Chief and Council.

The financial statements have been prepared in conformity with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants and where appropriate, includes certain amounts based on management's best estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

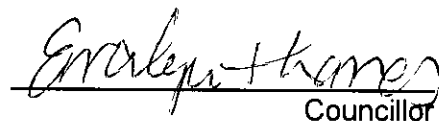
The Snuneymuxw First Nation's Chief and Council maintains systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Snuneymuxw First Nation's assets are appropriately accounted for and adequately safeguarded.

The Snuneymuxw First Nation's Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Chief and Council reviewed the Snuneymuxw First Nation's financial statements and recommends their approval. The management meets periodically with the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issued, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Chief and Council also considers the engagement of the external auditors.

The financial information has been audited by Ribeyre Chang Haylock, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards on behalf of the members. Ribeyre Chang Haylock has full and free access to Management.


Chief


Councillor

INDEPENDENT AUDITOR'S REPORT

To: The Members of Snuneymuxw First Nation

Report on the Audit of the Consolidated Financial Statements

We have audited the consolidated financial statements of Snuneymuxw First Nation, which comprise the consolidated statement of financial position as at March 31, 2019 and March 31, 2018, and the consolidated statements of income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

Qualified Opinion

Except as noted in the below paragraphs, in our opinion, the financial statements present fairly, in all material respects, the financial position of Snuneymuxw First Nation as at March 31, 2019 and March 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Entity 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 for our qualified opinion.



Snuneymuxw First Nation holds investments in Government Business Enterprises and Government Business Partnerships. The financial results of Petroglyph Development Group Ltd. and Petroglyph Development Group Limited Partnership have been recorded in the consolidated financial statements using the modified equity method in accordance with Canadian public sector accounting standards. We were unable to satisfy ourselves as to the investment carrying value for the Government Business Enterprises known as Petroglyph Development Group Ltd., Snuneymuxw Sandstone Corporation and Tuytaxun General Store Ltd. because they were not audited. Also, the financial information for Tuytaxun General Store Ltd., Salpac Fisheries Limited Partnership and Snuneymuxw Sandstone Corporation was not available. Consequently, we were not able to determine whether any adjustments might be necessary to the investment or net income (loss) of these Government Business Enterprises and Government Business Partnerships. In addition, Canadian Public Sector accounting standards requires disclosure of the condensed supplementary financial information of these entities; however, Chief and Council chose not to disclose this information outside of Snuneymuxw membership as this public disclosure may impact their competitive edge in conducting the business affairs of these entities.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 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 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 Entity'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 Entity'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are
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based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Aaron Keetley, CPA, CA, CMA.

Port Coquitlam, B.C.
August 15, 2019

Ribeyre Chang Haylock
Chartered Professional Accountants

Snuneymuxw First Nation

SUMMARY STATEMENT OF FINANCIAL POSITION

As at March 31, 2019

Statement 1

	Note	2019	2018
Financial assets			
Cash	3	\$ 17,835,969	\$ 22,603,860
Accounts receivable	4	2,028,488	1,002,248
Due from related entities	5	189,645	232,098
Investment in Government Business Enterprises	6	150,818	156,254
Investment in Government Business Partnerships	7	12,960,848	10,007,887
Investment in Specific Land Claims		319,802	206,512
Investment in Treaty		8,533,055	8,533,055
Trust moneys	8	137,451	99,012
		42,156,076	42,840,926
Financial liabilities			
Accounts payable and accrued liabilities	9	2,558,613	1,152,425
Deferred revenue	10	17,845,886	23,646,537
Due to related entities	11	7,169	261,269
Long-term debt	12	9,729,500	10,232,588
First Nation loan agreement	13	8,515,786	8,515,786
Specific land claims loans	14	323,010	209,720
		38,979,964	44,018,325
Net financial assets (debt)		3,176,112	(1,177,399)
Non-financial assets			
Tangible capital assets	15	33,914,514	25,225,178
Prepaid expenses		216,665	180,290
Total non-financial assets		34,131,179	25,405,468
Accumulated surplus	16	\$ 37,307,291	\$ 24,228,069
Contingent liabilities	17		

See accompanying notes


Chief Councilor


Councilor

Snuneymuxw First Nation

SUMMARY STATEMENT OF OPERATIONS

For the year ended March 31, 2019

Statement 2

	2019 Budget	2019	2018
Revenue			
Indigenous Services Canada	\$ 7,339,291	\$ 7,339,291	\$ 76,219,281
Canada Mortgage and Housing Corporation	239,558	239,558	564,771
First Nations Health Authority	5,495,220	5,495,220	2,381,231
First Nations Education Steering Committee	423,893	209,775	290,146
Fisheries and Oceans Canada	148,340	148,340	148,350
Province of BC	704,900	645,613	623,481
Loss from Government Business Enterprises	-	(5,435)	(51,502)
Income from Government Business Partnerships	-	3,791,318	3,476,177
Deferred revenue - net	-	5,774,720	(16,364,806)
Miscellaneous income	-	2,182,343	1,371,354
Rental	851,854	873,851	853,426
Ottawa Trust Fund revenues	-	38,439	54,558
	15,203,056	26,733,033	69,566,467
Expenses			
Administration		1,701,659	1,825,476
Elders Culture and Heritage		49,445	34,406
Education		2,981,584	3,035,651
Health		1,302,083	1,156,977
Daycare		755,699	830,330
Social Development		1,639,107	1,544,942
Youth Programs		17,547	34,062
Economic Development		2,019,002	800,852
Infrastructure		366,554	117,309
Capital Projects		694,357	1,126,765
Housing		838,783	1,028,688
Lands and Resources		55,097	49,265,300
Tangible capital asset depreciation		1,232,894	1,199,645
		13,653,811	62,000,403
Annual surplus		13,079,222	7,566,064
Accumulated surplus, beginning of year		24,228,069	16,721,443
Recoveries		-	(59,438)
Accumulated surplus, end of year		\$37,307,291	\$ 24,228,069

See accompanying notes

Snuneymuxw First Nation

SUMMARY STATEMENT OF NET FINANCIAL ASSETS (DEBT)

For the year ended March 31, 2019

Statement 3

	2019 Budget	2019	2018
Annual surplus	\$ -	\$ 13,079,222	\$ 7,566,064
Recoveries in the year	-	-	(59,438)
	-	13,079,222	7,506,626
Changes in tangible capital assets			
Acquisition of tangible capital assets	(9,922,230)	(9,922,230)	(5,377,973)
Amortization of tangible capital assets	1,232,894	1,232,894	1,199,645
	(8,689,336)	(8,689,336)	(4,178,328)
Changes in other non-financial assets			
Prepaid expenses and deposits	(36,375)	(36,375)	48,574
	(36,375)	(36,375)	48,574
Increase in net assets		4,353,511	3,376,872
Net debt at beginning of year		(1,177,399)	(4,554,271)
Net financial assets (debt) at end of year		\$ 3,176,112	\$ (1,177,399)

See accompanying notes

Snuneymuxw First Nation

SCHEDULE OF CASH FLOW

For the year ended March 31, 2019

Statement 4

	2019	2018
OPERATING ACTIVITIES		
Revenue received	\$ 16,920,178	\$ 83,854,161
Expenses paid	(11,051,104)	(61,834,394)
Interest paid on long-term debt	-	-
Cash provided by operating activities	5,869,074	22,019,767
INVESTING ACTIVITIES		
Advances from (to) related entities	(211,647)	(231,453)
Investments in Specific Land Claims	(113,290)	-
Purchase and construction of capital assets	(9,922,230)	(5,377,973)
Cash used in investing activities	(10,247,167)	(5,609,426)
FINANCING ACTIVITIES		
Ottawa Trust Fund withdrawal	-	525,000
Advances from (repayment of) Specific Land Claims loans	113,290	(1,155,665)
Repayment of long-term debt	(503,088)	(494,895)
Cash used in financing activities	(389,798)	(1,125,560)
(Decrease) increase in cash during the year	(4,767,891)	15,284,781
Cash, beginning of year	22,603,860	7,319,079
Cash, end of year	\$ 17,835,969	\$ 22,603,860

See accompanying notes

Snuneymuxw First Nation

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March 31, 2019

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The Snuneymuxw First Nation (the "First Nation") is an Indian Band as defined by the Indian Act. The First Nation manages various programs offered by Indigenous Services Canada (ISC) and other funding agents to benefit its members. The First Nation also represents its members in the negotiation of treaty settlements and specific land claims.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These Summary Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, which encompasses the following principles.

a) Reporting entity

The Snuneymuxw First Nation reporting entity includes the Snuneymuxw First Nation and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

b) Use of estimates

The preparation of schedules in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the schedules and reported amounts of revenues and expenditures during the reported period. Actual results could differ from the estimates.

c) Principles of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of entities which are controlled by the First Nation. Controlled entities are consolidated, except for government business enterprises and government business partnerships, which are accounted for by the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation.

The First Nation records its investments in government business enterprises (GBE) and government business partnerships (GBP) on a modified equity basis. Under the modified equity basis, the GBE's and GBP's accounting policies are not adjusted to conform with those of the First Nation and inter-entity transactions and balances are not eliminated. The First Nation recognizes its equity interest in the annual earnings or loss of the GBE's and GBP's in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the First Nation may receive from the GBE's and GBP's will be reflected as deductions in the investment asset account.

Organizations accounted for on a modified equity basis include:

1. Tuytaxun General Store Ltd. - 100%
2. Snuneymuxw Sandstone Corporation - 100%
3. Salpac Fisheries Limited Partnership - 49.90%
4. Petroglyph Development Group Ltd. - 100%
5. Petroglyph Development Group Limited Partnership - 99%

Snuneymuxw First Nation

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1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

e) Revenue recognition

Government Funding

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria 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.

First Nation Capital and Revenue Trust Funds

The First Nation recognizes revenues 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.

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.

Own Source Revenue

Revenues are recognized in the period in which the transaction 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.

Other

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) Trust funds

Trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds. 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds are primarily governed by Sections 63 to 69 of the Indian Act.

Snuneymuxw First Nation

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1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Investment in treaty and specific land claims

The First Nation is in negotiations with the Government of Canada to settle outstanding claims and negotiate a treaty. Both funding and interest free loans are received from the federal government to assist in the process. Expenses pertaining to the negotiation are capitalized to reflect the amount of investment the First Nation has made in the treaty process. The loan will be repaid as outlined in Note 14 and 15.

h) 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. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the assets.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital assets and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the First Nation's incremental cost of borrowing.

Tangible capital assets are depreciated over their expected useful lives as follows:

Buildings and renovations	5% Declining balance
Automotive equipment	30% Declining balance
Furniture and equipment	20% Declining balance
Boats	20% Declining balance
Infrastructure	5% Declining balance

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

Contributed tangible capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not depreciated until the asset is available to be put into service.

Snuneymuxw First Nation

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1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments

Financial instruments are initially classified upon initial recognition as a fair value or an amortized cost instrument. The fair value category includes investments in equity instruments that are quoted in an active market, and any other items elected by the First Nation to be recorded at fair value. All other financial instruments, including financial instruments with related parties for which fair value cannot be estimated, are recorded at amortized cost. Transaction costs directly attributable to the acquisition or issue of a financial instrument are added to the amortized cost or expensed if related to instruments recorded on a fair value basis. The effective interest rate method is used to measure interest for financial instruments recorded at amortized cost.

All financial assets are assessed for impairment on an annual basis.

The First Nation's financial instruments consist of cash and cash equivalents, accounts receivable, due from and to related entities, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, credit or currency risks arising from these financial instruments and the fair value of these financial instruments approximates their carrying values.

2. ECONOMIC DEPENDENCE

The Snuneymuxw First Nation receives major portions of its revenue pursuant to funding arrangements with Indigenous Services Canada and First Nations Health Authority.

Snuneymuxw First Nation

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3. CASH AND CASH EQUIVALENTS

	2019	2018
Externally restricted		
Operating Reserve	\$ 101,547	\$ 129,663
Replacement Reserve	391,543	380,665
	493,090	510,328
Internally restricted		
Sacred Bath Site	83,086	81,655
Capital projects IR4	832,741	895,142
Capital projects IR3	6,761,153	6,848,392
Capital projects QQS	4,696,577	10,542,214
	12,373,557	18,367,403
Unrestricted		
Cash and banks net of outstanding cheques	868,878	(328,786)
Cash equivalents	4,100,444	4,054,915
	4,969,322	3,726,129
Total Cash and Cash Equivalents	\$ 17,835,969	\$ 22,603,860

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Operating and Replacement Reserve.

Externally restricted - Operating Reserve:

At the year end, the reserve was fully funded (2018: over funded by \$30,157).

Externally restricted - Replacement Reserve:

At the year end, the reserve was over funded by \$29,120 (2018: over funded by \$31,354)

Internally restricted - Sacred Bath Site:

Consists of money set aside for the purposes of cultural related expenditures.

Internally restricted - Capital projects:

Consists of money set aside for the purpose of funding various capital projects.

Snuneymuxw First Nation

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3. CASH AND CASH EQUIVALENTS (continued)

Banking facilities:

The First Nation has a facility arrangement with Bank of Montreal secured by a general security agreement and band council resolution. The facility includes:

- i) \$3,953,905 of fixed rate term loans for the construction of the community hall and 12-unit rental housing.
- ii) \$1,000,000 authorized overdraft lending product at prime plus 0.75%.
- iii) \$50,000 in authorized credit card facilities at 18.4%.

4. ACCOUNTS RECEIVABLE

	2019	2018
Due from members:		
Rent receivable	\$ 1,640,614	\$ 1,497,590
Member loans	76,876	61,247
	1,717,490	1,558,837
Due from Government and other Government Organizations:		
Indigenous Services Canada	152,063	194,997
Canada Mortgage and Housing Corporation	31,102	191,781
Coast Salish Employment & Training Society	52,791	47,147
Department of Fisheries and Oceans	345,780	251,031
First Nation Health Authority	1,177,945	35,203
Public Services Rebate receivable	43,972	10,066
Province of BC	450	30,462
	1,804,103	760,687
Due from others:		
Other	445,200	256,709
	3,966,793	2,576,233
Allowance for doubtful accounts	(1,938,305)	(1,573,985)
	\$ 2,028,488	\$ 1,002,248

Snuneymuxw First Nation

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5. DUE FROM RELATED ENTITIES

	2019	2018
Tuytaxun General Store Ltd.	\$ 189,545	\$ 231,998
Thlap'qwum Community Settlement Trust	100	100
	\$ 189,645	\$ 232,098

Advances due from related entities are unsecured and without interest or any fixed terms of repayment.

6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The First Nation's investment in government business enterprises consist of the following:

	2019	2018
Tuytaxun General Store Ltd. (Tuytaxun) - 100%	\$ 169,461	\$ 169,461
Snuneymuxw Sandstone Corporation (Sandstone) - 100%	4,373	4,373
Petroglyph Development Group Ltd. (PDG) - 100%	(23,016)	(17,580)
	\$ 150,818	\$ 156,254

The financial information for Petroglyph Development Group Ltd. for the year ended December 31, 2017 and 2018 and Tuytaxun General Store Ltd. for the year ended March 31, 2018 are not audited. The financial results of these entities have been recorded in the consolidated financial statements using the modified equity method in accordance with Canadian public sector accounting standards. In addition, Canadian Public Sector accounting standards requires disclosure of the condensed supplementary financial information of these entities; however, Chief and Council chose not to disclose this information outside of Snuneymuxw membership as this public disclosure may impact their competitive edge in conducting the business affairs of these entities.

The financial information for Tuytaxun General Store Ltd. for the year ended March 31, 2019 is not available. The financial information for Snuneymuxw Sandstone Corporation for the year ended December 31, 2016, 2017 and 2018 is not available.

Please refer to the independent auditor's report for the basis of qualified opinion.

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7. INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIPS

The First Nation owns 99% of the units of Petroglyph Development Group Limited Partnership and 49.90% of the units of Salpac Fisheries Limited Partnership. The investment in these partnerships are shown below.

	2019	2018
Petroglyph Development Group Limited Partnership (PDGLP)	\$ 12,729,747	\$ 9,776,786
Salpac Fisheries Limited Partnership (SALPAC)	231,101	231,101
	\$ 12,960,848	\$ 10,007,887

The financial information for Petroglyph Development Group Limited Partnership for the year ended December 31, 2017 and 2018 are audited. The financial information for Salpac Fisheries Limited Partnership for the year ended March 31, 2018 is not audited. The financial results of these entities have been recorded in the consolidated financial statements using the modified equity method in accordance with Canadian public sector accounting standards. In addition, Canadian Public Sector accounting standards requires disclosure of the condensed supplementary financial information of these entities; however, Chief and Council chose not to disclose this information outside of Snuneymuxw membership as this public disclosure may impact their competitive edge in conducting the business affairs of these entities.

The financial information for Salpac Fisheries Limited Partnership for the year ended March 31, 2019 is not available.

Please refer to the independent auditor's report for the basis of qualified opinion.

8. TRUST MONEYS

The Ottawa Trust accounts arise from moneys 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.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Accounts payable and accrued liabilities	\$ 2,558,613	\$ 1,092,987
Indigenous Services Canada	-	59,438
	2,558,613	1,152,425

Snuneymuxw First Nation

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March 31, 2019

See Auditor's Report

10. DEFERRED REVENUE

	2019	2018
Indigenous Services Canada	\$ 13,422,324	\$ 19,212,845
Province of BC	4,359,500	4,359,500
Other	64,062	74,192
	\$ 17,845,886	\$ 23,646,537

11. DUE TO RELATED ENTITIES

	2019	2018
Petroglyph Development Group Ltd.	\$ 1	\$ 1
Petroglyph Development Group Limited Partnership	7,168	261,268
	\$ 7,169	\$ 261,269

Advances due to related entities are unsecured and without interest or any fixed terms of repayment.

12. LONG-TERM DEBT

	2019	2018
Post 96 - Phase 1 - All Nations Trust - Mortgage payable with payments of \$2,276 per month including interest at 1.97% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on October 1, 2032 and renewal on December 1, 2022.	\$ 325,401	\$ 346,106
Post 96 - Phase 2 - All Nations Trust - Mortgage payable with payments of \$4,073 per month including interest at 2.22 % per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on November 1, 2033 and renewal on January 1, 2024.	611,785	646,987

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12. LONG-TERM DEBT (continued)

Post 96 - Phase 3 - All Nations Trust - Mortgage payable with payments of \$3,904 per month including interest at 2.14% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on March 1, 2034 and renewal on March 1, 2024.	601,050	634,980
Post 96 - Phase 4 - All Nations Trust - Mortgage payable with payments of \$4,410 per month including interest at 1.86% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on April 1, 2034 and renewal on April 1, 2024.	695,868	735,294
Post 96 - Phase 5 - All Nations Trust - Mortgage payable with payments of \$3,526 per month including interest at 1.08% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on July 1, 2035 and renewal on August 1, 2020.	633,451	668,732
Post 96 - Phase 6 - All Nations Trust - Mortgage payable with payments of \$5,830 per month including interest at 1.01 % per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on February 1, 2036 and renewal on February 1, 2021.	1,087,583	1,146,258
Post 96 - Phase 7 - All Nations Trust - Mortgage payable with payments of \$5,222 per month including interest at 1.39% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on May 1, 2035 and renewal on June 1, 2020.	907,084	956,798
Post 96 - Phase 8 - All Nations Trust - Mortgage payable with payments of \$2,548 per month including interest at 1.14% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on July 1, 2036 and renewal on June 1, 2021.	480,873	505,830

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12. LONG-TERM DEBT (continued)

Post 96 - Phase 9 - All Nations Trust - Mortgage payable with payments of \$2,292 per month including interest at 1.14% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on July 1, 2036 and renewal on June 1, 2021.

432,500 454,946

Bank of Montreal - Fixed rate term loan with payments of \$22,365 per month including interest at 3.09% per annum. Matures on January 31, 2037 and renewal on January 31, 2020.

3,675,298 3,827,566

Bank of Montreal - Fixed rate term loan with payments of \$3,386 per month including interest at 3.44% per annum. Matures on January 31, 2027 and renewal on January 31, 2022.

278,607 309,091

\$ 9,729,500 \$ 10,232,588

Future principal payments for subsequent years are as follows:

2020	\$ 4,031,748
2021	2,698,268
2022	1,168,274
2023	378,275
2024	966,553
Subsequent	486,382

\$ 9,729,500

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13. FIRST NATION LOAN AGREEMENT

Snuneymuxw First Nation receives interest free advances from ISC pursuant to an agreement with the British Columbia Treaty Commission and the Minister of Indigenous and Northern Affairs Canada. Under the terms of the agreement the First Nation received both loaned and contributed funds.

The funds are to be used solely for the purposes of treaty negotiations. The loan proceeds are non-interest bearing and become due and payable upon the earlier of:

- (a) the date a treaty signed by the negotiating parties takes effect unless otherwise agreed to in the treaty;
- (b) the later of:
 - i) the twelfth anniversary of the date of the first Loan Advance by Canada to the First Nation under the earliest First Nation Funding Agreement; or
 - ii) the Extended Due Date; and
- (c) the date the Federal Minister demands payment of the loan due to an event of default under the agreement or under any First Nation Funding Agreement.

14. SPECIFIC LAND CLAIMS LOAN

The amounts below consist of various promissory notes signed on different dates. The promissory notes are due the earlier of five years from signing date or the date on which the claim is settled. If the loan becomes due and payable under the terms of the promissory notes while the claim is still in negotiation, the loan repayment dates will be extended by the earlier of five years, or a period deemed appropriate to coincide with the anticipated claim settlement date.

	2019	2018
Douglas Treaty Village Claim at False Narrows	\$ 25,284	\$ 25,284
Douglas Treaty Village Claim at Harbour Park	25,284	25,284
Douglas Treaty Village Claim at Departure Bay	25,284	25,284
Douglas Treaty Village Claim at Milestone River	25,284	25,284
Douglas Treaty Village Claim at Teytexen	221,874	108,584
	\$ 323,010	\$ 209,720

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15. TANGIBLE CAPITAL ASSETS

	2019									2018
	Beginning Cost	Additions	Disposal	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposals	Ending Accumulated Depreciation	Net Book Value	Net Book Value
Buildings and renovations	22,989,600	\$ 9,224,011	\$ -	32,213,611	\$ 8,773,350	\$ 647,324	\$ -	\$ 9,420,674	\$ 22,792,937	\$ 14,216,250
Automotive equipment	584,862	-	-	584,862	567,204	5,297	-	572,501	12,361	17,658
Furniture and equipment	952,478	94,444	-	1,046,922	730,530	53,834	-	784,364	262,558	221,948
Boats	104,798	-	-	104,798	67,639	7,432	-	75,071	29,727	37,159
Infrastructure	13,637,566	603,776	-	14,241,342	2,905,403	519,008	-	3,424,411	10,816,931	10,732,163
	-	-	-	-	-	-	-	-	-	-
	\$ 38,269,304	\$ 9,922,231	\$ -	\$ 48,191,535	\$ 13,044,126	\$ 1,232,895	\$ -	\$ 14,277,021	\$ 33,914,514	\$ 25,225,178

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16. ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2019	2018
Restricted		
Ottawa Trust Fund	\$ 137,451	\$ 99,012
Enterprise Fund	14,249,918	10,464,035
Housing Reserve	463,970	448,817
Unrestricted		
Operations	(5,449,557)	(5,679,630)
Invested in tangible capital assets	27,905,509	18,895,835
	\$ 37,307,291	\$ 24,228,069

17. CONTINGENT LIABILITIES

Snuneymuxw First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements are subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, the First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on the First Nation's financial statements.

As at March 31, 2019, the total ministerial housing loan guarantees provided to financial institutions for loans to individual members are in the amount of \$1,774,125 and the outstanding balance for these loans are \$442,640.

In April 2018, The Nation made an agreement with the City of Nanaimo to pay for Sewer Connection charges for their IR4 property. These charges are due and payable by the Nation upon completion of negotiations and signing of the final agreement, despite construction being ongoing. The City of Nanaimo is the sole provider of the sewer connections required and has required that an agreed sum be paid up front to be drawn down as connections are made. Management anticipates that the final agreed amount will be \$690,000 and has determined that the surplus allocated to the IR4 Onsite Water fund on Schedule 2-65 is restricted surplus to be applied to this obligation. The expected settlement date of this obligation is in fiscal 2020.

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18. BUDGET INFORMATION

Budgeted figures are unaudited and have been derived from the estimates approved by the Chief and Council for comparison purposes. Individual program operations not showing budget information does not mean budgets were not prepared but rather that their amounts were not readily determinable.

19. RELATED PARTY TRANSACTIONS

During the year ended March 31, 2019, the First Nation entered into transactions with related parties as follows:

1. The First Nation charged \$27,125 (2018: \$27,125) to Tuytaxun General Store Ltd. for rental of premises
2. The First Nation charged \$40,000 for rent (2018: \$3,634) and \$16,239 for cost recovery (2018: received \$8,000 in contributions) to Petroglyph Development Group Limited Partnership.
3. The First Nation had related party transactions with and on behalf of Salpac Fisheries Limited Partnership. The amounts of these transactions are not known. Please refer to our qualified auditor's report.

These transactions are in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

20. COMPARATIVE AMOUNTS

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

21. FINANCIAL INSTRUMENTS

Risk management policy

Snuneymuxw First Nation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2019.

Credit risk

The carrying value of the First Nation's main financial assets represents the maximum credit risk to which the band is exposed.

Liquidity risk

Snuneymuxw First Nation considers that it has sufficient credit facilities to ensure that funds are available to meet its current and long-term financial needs, at a reasonable cost.

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21. FINANCIAL INSTRUMENTS (continued)

Market risk

Snuneymuxw First Nation is exposed to interest rate risk on its fixed-interest and variable-interest financial instruments. Fixed-interest instruments subject the band to a fair value risk while the variable-interest instruments subject it to a cash flow risk.

The following table summarizes the contractual maturities of the financial liabilities as at March 31, 2019.

	Carrying Amount	Contractual cash flows	Within 1 year	2 to 5 years	Subsequent
Accounts payable and accrued expenses	\$ 2,558,613	\$ 2,558,613	\$ 2,558,613	\$ -	\$ -
Long-term debt	9,729,500	10,099,007	4,217,447	5,394,425	487,134
	<u>\$ 12,288,113</u>	<u>\$ 12,657,620</u>	<u>\$ 6,776,060</u>	<u>\$ 5,394,425</u>	<u>\$ 487,134</u>

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22. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2019 Budget	2019	2018
Advertising	\$ 16,059	\$ 3,988	\$ 5,286
Bad debt expense	50,000	454,562	63,504
Bank charges and interest	136,703	152,670	1,299,642
Basic needs	1,307,962	1,257,496	1,251,484
Community support and cultural awareness	640,744	404,596	260,784
Consultants and contractors	11,073,073	11,118,955	5,839,273
Depreciation expense	-	1,232,894	1,199,645
Insurance	132,392	107,678	87,982
Interest on long-term debt	1,030	87,927	91,420
Equipment lease	39,892	50,874	18,129
Equipment purchases	61,121	122,052	53,846
Guardian financial assistance	20,000	7,309	12,308
Honorariums	245,345	230,295	229,671
IT/Computer	132,437	103,938	99,643
Licenses fees and dues	13,226	16,419	17,809
Meetings expense	213,135	137,839	124,247
Office and other	37,083	29,976	65,651
Office rent	189,305	182,002	138,940
Professional fees	150,701	182,799	248,412
Repairs and maintenance	968,133	906,410	1,491,206
Supplies	361,287	250,639	378,355
Travel	194,665	190,000	179,651
Tuition and training	1,930,512	1,897,715	2,034,002
Utilities	224,653	219,250	142,313
Wages and benefits	4,561,976	4,227,760	4,052,717
Investment in settlement trust	-	-	47,992,456
Construction and equipment acquisition	-	(9,922,232)	(5,377,973)
		\$ 13,653,811	\$ 62,000,403