



**Snuneymuxw First Nation**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2020**



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**Snuneymuxw First Nation**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
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**For the year ended March 31, 2020**

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**Snuneymuxw First Nation**  
**MARCH 31, 2020**

**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.

  
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Chief

  
\_\_\_\_\_  
Councilor

## 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, 2020 and March 31, 2019, 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, 2020 and March 31, 2019, 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 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 Enterprise known as Tuytaxun General Store Ltd. because they were not audited. Also, the financial information for Tuytaxun General Store Ltd. and Salpac Fisheries Limited Partnership was not available. Consequently, we were not able to determine whether any adjustments might be necessary to the investment, due to (from) 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.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### *Deferred Revenue*

Snuneymuxw First Nation realized \$4,359,500 into income that was previously deferred from the Province of BC. This was recognized as the funds invested representing this balance were redeemed and contributed to Petroglyph Development Group Limited Partnership in the current year.



## **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 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, super-vision 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.  
September 17, 2020

*Ribeyse Chang Haylock*  
Chartered Professional Accountants

# Snuneymuxw First Nation

## SUMMARY STATEMENT OF FINANCIAL POSITION

**As at March 31, 2020**

**Statement 1**

	Note	<b>2020</b>	2019 <i>Restated</i>
<b>Financial assets</b>			
Cash	3	<b>\$ 13,017,615</b>	\$ 17,835,969
Accounts receivable	4	<b>3,850,908</b>	2,028,588
Due from related entities	5	<b>1,310,896</b>	189,545
Investment in Government Business Enterprises	6	<b>148,139</b>	150,818
Investment in Government Business Partnerships	7	<b>17,869,620</b>	12,960,848
Investments - other	8	<b>110</b>	-
Investment in Specific Land Claims		<b>352,927</b>	319,802
Investment in Treaty		-	8,533,055
Trust moneys	9	<b>173,538</b>	137,451
		<b>36,723,753</b>	42,156,076
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities	10	<b>1,387,878</b>	2,635,202
Deferred revenue	11	<b>12,932,213</b>	17,845,886
Due to related entities	12	<b>1</b>	7,169
Long-term debt	13	<b>9,243,312</b>	9,729,500
Capital lease obligation	14	<b>180,888</b>	-
First Nation loan agreement		-	8,515,786
Specific land claims loans	15	<b>449,361</b>	323,010
		<b>24,193,653</b>	39,056,553
<b>Net financial assets</b>		<b>12,530,100</b>	3,099,523
<b>Non-financial assets</b>			
Tangible capital assets	16	<b>38,007,486</b>	33,434,501
Prepaid expenses and deposits	17	<b>1,067,015</b>	216,665
<b>Total non-financial assets</b>		<b>39,074,501</b>	33,651,166
<b>Accumulated surplus</b>	18	<b>\$ 51,604,601</b>	\$ 36,750,689
<b>Contingent liabilities</b>		19	

See accompanying notes



Chief Councillor



Councilor

**Snuneymuxw First Nation**  
**SUMMARY STATEMENT OF OPERATIONS**

<b>For the year ended March 31, 2020</b>	<b>2020 Budget</b>	<b>2020</b>	<b>Statement 2</b>
			<b>2019 Restated</b>
<b>Revenue</b>			
Indigenous Services Canada	\$ 7,159,767	\$ 10,583,859	\$ 7,339,291
Canada Mortgage and Housing Corporation	226,424	238,202	239,558
First Nations Health Authority	1,858,075	1,918,372	5,495,220
BC First Nations Gaming Revenue Sharing	607,682	687,879	-
BC Housing	422,000	347,523	113,690
BC Treaty Commission	150,000	150,000	-
Coast Salish Employment & Training Society	455,413	486,699	456,292
Deferred revenue - net	12,015,649	797,661	5,774,720
First Nations Education Steering Committee	489,541	347,016	209,775
Fisheries and Oceans Canada	-	263,350	148,340
Gain on disposal of investment	-	1,460,127	-
Increase in Gov Business Partnerships	-	5,849,098	3,791,318
Gain (loss) from Gov. Business Enterprises	-	1,694	(5,435)
Miscellaneous income	2,087,989	1,917,785	1,601,045
Ottawa Trust Fund	-	36,087	38,439
Province of BC	692,933	817,823	645,613
Rental	831,586	715,293	691,849
Thlap'Qwum Community Settlement Trust	-	5,337,982	-
	<b>26,997,059</b>	<b>31,956,450</b>	<b>26,539,715</b>
<b>Expenses - Note 24</b>			
Administration	1,692,259	1,621,956	
Education	2,908,950	2,965,863	
Health	1,858,501	1,499,226	
Daycare	693,616	493,167	
Social Development	2,523,035	1,626,213	
Economic Development	2,858,833	2,028,770	
Economic Development - PDG	1,960	66	
Infrastructure	463,155	430,466	
Capital Projects	1,067,170	1,023,639	
Housing	671,258	829,326	
Lands and Resources	36,401	55,097	
Treaty and Negotiations	345,679	28,405	
Tangible capital asset depreciation	1,957,869	1,232,894	
	<b>17,078,686</b>	<b>13,835,088</b>	
<b>Annual surplus</b>			
Accumulated surplus, beginning as previously stated	14,877,764	12,704,627	
Prior period adjustment - Note 25	(556,602)	(182,007)	
Accumulated surplus, beginning of year as restated	37,307,291	24,228,069	
Recoveries	(23,852)	-	
<b>Accumulated surplus, end of year</b>	<b>\$ 51,604,601</b>	<b>\$ 36,750,689</b>	

See accompanying notes

**Snuneymuxw First Nation**  
**SUMMARY STATEMENT OF NET FINANCIAL ASSETS**

For the year ended March 31, 2020

Statement 3

	2020 Budget	2020	2019 Restated
<b>Annual surplus</b>	\$ -	\$ 14,877,764	\$ 12,704,627
<b>Recoveries in the year</b>	(23,852)	(23,852)	-
	<u>(23,852)</u>	<u>14,853,912</u>	<u>12,704,627</u>
<b>Changes in tangible capital assets</b>			
Net acquisition of tangible capital assets	(6,530,854)	(6,530,854)	(9,592,950)
Amortization of tangible capital assets	1,957,869	1,957,869	1,232,894
	<u>(4,572,985)</u>	<u>(4,572,985)</u>	<u>(8,360,056)</u>
<b>Changes in other non-financial assets</b>			
Prepaid expenses and deposits	(850,350)	(850,350)	(36,375)
	<u>(850,350)</u>	<u>(850,350)</u>	<u>(36,375)</u>
<b>Increase in net financial assets</b>	<b>(5,447,187)</b>	<b>9,430,577</b>	4,308,196
<b>Net financial assets (debt) at beginning of year</b>		<b>3,099,523</b>	(1,208,673)
<b>Net financial assets at end of year</b>		<b>\$ 12,530,100</b>	\$ 3,099,523

See accompanying notes

**Snuneymuxw First Nation**  
**STATEMENT OF CASH FLOW**

For the year ended March 31, 2020

Statement 4

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Revenue received	\$ 20,253,277	\$ 16,726,760
Expenses paid	(16,982,177)	(10,983,033)
Recoveries paid	(23,852)	-
Interest paid on capital leases	(86)	-
Interest paid on long-term debt	<u>(214,486)</u>	<u>(204,033)</u>
<b>Cash provided by operating activities</b>	<b>3,032,676</b>	5,539,694
<b>INVESTING ACTIVITIES</b>		
Advances to related entities	(188,192)	(211,547)
Advance to Snuneymuxw Market Ltd.	(940,327)	-
Investments in Specific Land Claims	(33,125)	(113,290)
Investment in BC First Nations Gaming Revenue Sharing LP	(110)	-
Purchase and construction of capital assets	<u>(6,510,327)</u>	<u>(9,592,950)</u>
<b>Cash used in investing activities</b>	<b>(7,672,081)</b>	(9,917,787)
<b>FINANCING ACTIVITIES</b>		
Advances from Specific Land Claims loans	126,351	113,290
Capital lease proceeds	222,683	-
Repayment of capital leases	(41,795)	-
Repayment of long-term debt	<u>(486,188)</u>	<u>(503,088)</u>
<b>Cash used in financing activities</b>	<b>(178,949)</b>	(389,798)
Decrease in cash during the year	(4,818,354)	(4,767,891)
Cash, beginning of year	17,835,969	22,603,860
<b>Cash, end of year</b>	<b>\$ 13,017,615</b>	\$ 17,835,969

See accompanying notes

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# **Snuneymuxw First Nation**

## **CONSOLIDATED FINANCIAL STATEMENTS**

### **NOTES TO STATEMENTS**

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**March 31, 2020**

**See Auditor's Report**

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 CICPA 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%

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# Snuneymuxw First Nation

## CONSOLIDATED FINANCIAL STATEMENTS

### NOTES TO STATEMENTS

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March 31, 2020

See Auditor's Report

#### 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.

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# Snuneymuxw First Nation

## CONSOLIDATED FINANCIAL STATEMENTS

### NOTES TO STATEMENTS

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March 31, 2020

See Auditor's Report

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

##### f) 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 15 and 16.

##### g) 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.

The First Nation's capitalization policy consists of a \$500 threshold. This threshold can be raised or lowered by management if they determine the item's purpose is of a nature that it shouldn't be capitalized despite costing more or should be capitalized despite costing less if it significantly improves the value of a larger asset.

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.

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# **Snuneymuxw First Nation**

## **CONSOLIDATED FINANCIAL STATEMENTS**

### **NOTES TO STATEMENTS**

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**March 31, 2020**

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

##### **h) 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**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
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March 31, 2020

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**3. CASH AND CASH EQUIVALENTS**

	<b>2020</b>	<b>2019</b>
Externally restricted		
Operating Reserve	\$ 103,487	\$ 101,547
Replacement Reserve	434,827	391,543
	<b>538,314</b>	493,090
Internally restricted		
Sacred Bath Site	84,673	83,086
Capital projects IR4	611,295	832,741
Capital projects IR3	6,160,785	6,761,153
Capital projects QQS	1,185,164	4,696,577
	<b>8,041,917</b>	12,373,557
Unrestricted		
Cash and banks net of outstanding cheques	4,437,384	868,878
Cash equivalents	-	4,100,444
	<b>4,437,384</b>	4,969,322
<b>Total Cash and Cash Equivalents</b>	<b>\$ 13,017,615</b>	\$ 17,835,969

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 over funded by \$85,970 (2019: fully funded).

**Externally restricted - Replacement Reserve:**

At the year end, the reserve was over funded by \$53,402 (2019: over funded by \$29,120)

**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.

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**Snuneymuxw First Nation**  
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**March 31, 2020**

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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 expiring on October 29, 2024 and \$1,450,000 in band council resolutions of guarantee.

The facility includes:

- i) \$3,545,294 variable rate demand loan for the construction of the community hall and a \$247,076 fixed rate loan for the construction of 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 bearing 2% interest.

**4. ACCOUNTS RECEIVABLE**

	<b>2020</b>	<b>2019</b>
<b>Due from members:</b>		
Rent receivable	\$ 1,772,173	\$ 1,640,614
Member loans	71,595	76,876
	<b>1,843,768</b>	1,717,490
<b>Due from Government and other Government Organizations:</b>		
Indigenous Services Canada	2,813,431	152,063
British Columbia Treaty Commission	150,000	-
Canada Mortgage and Housing Corporation	26,621	31,102
Coast Salish Employment & Training Society	61,836	52,791
Department of Fisheries and Oceans	263,350	345,780
First Nation Health Authority	98,116	1,177,945
Public Services Rebate receivable	35,708	43,972
Province of BC	30,450	450
	<b>3,479,511</b>	1,804,103
<b>Due from others:</b>		
Other	532,454	445,300
	<b>5,855,733</b>	3,966,893
Allowance for doubtful accounts	(2,004,825)	(1,938,305)
	<b>\$ 3,850,908</b>	\$ 2,028,588

**Snuneymuxw First Nation**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
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**March 31, 2020**

**See Auditor's Report**

**5. DUE FROM RELATED ENTITIES**

	<b>2020</b>	<b>2019</b>
Petroglyph Development Group Limited Partnership	\$ 137,050	\$ -
Salpac Fisheries Limited Partnership	4,995	-
Snuneymuxw Market Ltd.	940,327	-
Tuytaxun General Store Ltd.	228,524	189,545
	<b>\$ 1,310,896</b>	<b>\$ 189,545</b>

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

Snuneymuxw Market Ltd. is a subsidiary of Petroglyph Development Group Ltd. Snuneymuxw Market Ltd. is the general partner of Snuneymuxw Market Limited Partnership. Petroglyph Development Group Ltd. is the general partner of Petroglyph Development Group Limited Partnership. This receivable is a promissory note bearing interest of 0.60% and repayable in annual instalments of \$96,905 for 10 years. On April 23, 2020 Snuneymuxw First Nation forgave this promissory note.

**6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES**

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

	<b>2020</b>	<b>2019</b>
Tuytaxun General Store Ltd. - 100%	\$ 178,984	\$ 169,461
Snuneymuxw Sandstone Corporation - 100%	-	4,373
Petroglyph Development Group Ltd. - 100%	(30,845)	(23,016)
	<b>\$ 148,139</b>	<b>\$ 150,818</b>

The financial information for Petroglyph Development Group Ltd. and Tuytaxun General Store Ltd. 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, 2020 is not available. Snuneymuxw Sandstone Corporation was dissolved in December 2019. The proceeds were distributed to the shareholders.

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.

	<b>2020</b>	<b>2019</b>
Petroglyph Development Group Limited Partnership	\$ 17,638,519	\$ 12,729,747
Salpac Fisheries Limited Partnership	231,101	231,101
	<b>\$ 17,869,620</b>	<b>\$ 12,960,848</b>

The financial information for Petroglyph Development Group Limited Partnership for the year ended December 31, 2018 and 2019 are audited. The financial results of Petroglyph Development Group Limited Partnership and Salpac Fisheries Limited partnership 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 and 2020 is not available.

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

**8. INVESTMENTS - OTHER**

The First Nation owns units of BC First Nations Gaming Revenue Sharing Limited Partnership and shares of BCFN GRS GP Inc. The investment in these organizations are shown below and reported on a cost basis:

	<b>2020</b>	<b>2019</b>
BC First Nations Gaming Revenue Sharing Limited Partnership	\$ 100	\$ -
BCFN GRS GP Inc.	10	-
	<b>\$ 110</b>	<b>\$ -</b>

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**9. 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.

**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2020</b>	<b>2019</b>
Accounts payable and accrued liabilities	\$ 980,332	\$ 2,391,812
Payroll liabilities	407,546	243,390
	<b>1,387,878</b>	2,635,202

**11. DEFERRED REVENUE**

	<b>2020</b>	<b>2019</b>
Indigenous Services Canada	\$ 12,771,609	\$ 13,422,324
Province of BC	-	4,359,500
Other	160,604	64,062
	<b>\$ 12,932,213</b>	<b>\$ 17,845,886</b>

**12. DUE TO RELATED ENTITIES**

	<b>2020</b>	<b>2019</b>
Petroglyph Development Group Ltd.	\$ 1	\$ 1
Petroglyph Development Group Limited Partnership	-	7,168
	<b>\$ 1</b>	<b>\$ 7,169</b>

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

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**13. LONG-TERM DEBT**

	<b>2020</b>	<b>2019</b>
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.	\$ 304,301	\$ 325,401
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.	576,096	611,785
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.	566,703	601,050
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.	655,548	695,868
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.	597,803	633,451

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**13. LONG-TERM DEBT (continued)**

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.

**1,028,338** 1,087,583

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.

**856,704** 907,084

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.

**455,642** 480,873

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.

**409,807** 432,500

Bank of Montreal - Variable rate demand loan converted from a fixed rate term loan on January 31, 2020. Terms at March 31, 2020 are interest only payments at prime + 3% per annum (5.45% as at March 31, 2020).

**3,545,294** 3,675,298

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.

**247,076** 278,607

**\$ 9,243,312** **\$ 9,729,500**

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**13. LONG-TERM DEBT (continued)**

On June 25, 2020, a renewal agreement was signed converting the Bank of Montreal demand loan for \$3,545,294 into a fixed rate term loan with payments of \$23,101 per month including interest at 3.51% per annum. This matures on January 31, 2037 and the renewal is on January 31, 2025. Bank of Montreal retroactively processed this renewal effective February 1, 2020.

Future principal payments for subsequent years are as follows:

2021	\$ 2,881,046
2022	1,331,001
2023	546,670
2024	1,140,961
2025	3,343,634
	<hr/>
	\$ 9,243,312

**14. CAPITAL LEASE OBLIGATION**

Vehicle lease, bearing interest at 6.95% per annum, repayable in monthly payments of \$3,049.54 ending on February 28, 2020 and secured by the vehicle.

Future aggregate payments for the next five years are as follows:

2021	\$ 36,594
2022	36,594
2023	36,594
2024	36,594
2025	33,548
	<hr/>
	\$ 179,926

Automotive equipment lease, bearing interest at 0.23% per annum, repayable in monthly payments of \$1,256.77 ending in March 2022 and secured by the automotive equipment.

Future aggregate payments for the next five years are as follows:

2021	\$ 15,081
2022	13,824
2023	-
2024	-
2025	-
	<hr/>
	\$ 28,905

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**15. SPECIFIC LAND CLAIMS LOANS**

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.

	<b>2020</b>	<b>2019</b>
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	348,225	221,874
	<hr/> <b>\$ 449,361</b>	<hr/> <b>\$ 323,010</b>

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**16. TANGIBLE CAPITAL ASSETS**

	2020								2019	
	Beginning Cost	Additions	Disposal	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposals	Ending Accumulated Depreciation	Net Book Value	Net Book Value
Buildings and renovations	32,213,611	\$ 4,656,639	\$ -	36,870,250	\$ 9,420,674	\$ 1,256,063	\$ -	\$ 10,676,737	\$ 26,193,513	\$ 22,792,937
Automotive equipment	584,862	755,080	48,020	1,291,922	572,501	70,597	45,667	643,098	648,824	12,361
Furniture and equipment	1,046,922	308,363	8,950	1,346,335	784,364	75,263	7,869	859,627	486,708	262,558
Boats	104,798	16,569	10,750	110,617	75,071	7,395	9,711	72,755	37,862	29,727
Infrastructure	13,761,329	136,056	-	13,897,385	3,424,411	495,015	-	3,919,426	9,977,959	10,336,918
Land	-	662,620	-	662,620	-	-	-	-	662,620	-
	<b>\$ 47,711,522</b>	<b>\$ 6,535,327</b>	<b>\$67,720</b>	<b>\$ 54,179,129</b>	<b>\$ 14,277,021</b>	<b>\$ 1,904,333</b>	<b>\$ 63,247</b>	<b>\$ 16,171,643</b>	<b>\$ 38,007,486</b>	<b>\$ 33,434,501</b>

Included in Automotive equipment is \$222,683 (2019 - nil) capitalized under leases. Related accumulated depreciation is \$33,402 (2019 - nil).

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# Snuneymuxw First Nation

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#### **17. PREPAID EXPENSES**

Included in prepaid expenses is \$900,301 held by the City of Nanaimo in trust to be applied against the cost of new connections on IR4 that become due to the City under the provisions of the Water Servicing Agreement and the Sewer Use Agreement. Interest is earned on this balance commensurate with the amount of interest earned by the City from its bank.

#### **18. ACCUMULATED SURPLUS**

Accumulated surplus is comprised of the following:

	2020	2019
	<i>Restated</i>	
Restricted		
Ottawa Trust Fund	\$ 173,538	\$ 137,451
Enterprise Fund	21,560,837	14,249,918
Housing Reserve	398,942	463,970
Unrestricted		
Operations	(2,670,962)	(5,526,146)
Invested in tangible capital assets	<u>32,142,246</u>	<u>27,425,496</u>
	<hr/> <u>\$ 51,604,601</u>	<hr/> <u>\$ 36,750,689</u>

#### **19. 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, 2020, 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 \$420,516.

#### **20. 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.

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#### **21. RELATED PARTY TRANSACTIONS**

During the year ended March 31, 2020, the First Nation entered into transactions with related parties as follows:

1. The First Nation charged \$3,125 (2019: \$27,125) for rent and \$2,885 for cost recoveries (2019: nil) to Tuytaxun General Store Ltd.
2. The First Nation charged \$40,000 for rent (2019: \$40,000) and \$535 for miscellaneous services to Petroglyph Development Group Limited Partnership.
3. The First Nation charged \$589,606 for cost recoveries (2019: nil) to Snuneymuxw Sandstone Corporation.
4. The First Nation charged \$12,150 for equipment rental (2019: nil) to Mt. Benson Forestry Limited Partnership, a subsidiary of Petroglyph Development Group Limited Partnership.
5. 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.

#### **22. COMPARATIVE AMOUNTS**

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

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# Snuneymuxw First Nation

## CONSOLIDATED FINANCIAL STATEMENTS

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#### 23. 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, 2020.

##### *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.

##### *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, 2020.

	Carrying Amount	Contractual cash flows	Within 1 year	2 to 5 years	Subsequent
Accounts payable and					
accrued expenses	\$ 1,387,878	\$ 1,387,878	\$ 1,387,878	\$ -	\$ -
Long-term debt	9,243,312	9,975,070	3,095,824	6,879,246	-
Lease obligation	180,888	208,831	51,675	157,155	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 10,812,078	\$ 11,571,779	\$ 4,535,377	\$ 7,036,402	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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**24. EXPENSES BY OBJECT**

The following is a summary of expenses by object.

	<b>2020 Budget</b>	<b>2020</b>	<b>2019 Restated</b>
Advertising	\$ 20,000	\$ 216	\$ 3,988
Bad debt expense	-	71,114	454,562
Bank charges and interest	119,423	153,028	152,670
Basic needs	1,231,632	1,432,930	1,257,496
Community support and cultural awareness	943,840	855,828	404,596
Consultants and contractors	11,958,845	5,989,378	11,118,955
Depreciation expense	-	1,957,869	1,232,894
Insurance	64,228	203,652	107,678
Interest on long-term debt and capital leases	83,876	83,962	87,927
Equipment lease	64,105	27,790	50,874
Equipment purchases	922,548	1,097,652	122,052
Guardian financial assistance	12,000	5,441	7,309
Honorariums	300,738	281,967	230,295
IT/Computer	109,842	99,543	103,938
Licenses fees and dues	44,886	42,374	16,419
Meetings expense	321,348	153,476	112,339
Office and other	35,306	41,961	29,976
Professional fees	531,460	467,741	182,799
Repairs and maintenance	907,313	939,922	906,410
Supplies	419,797	315,912	276,139
Travel	303,255	289,899	190,000
Tuition and training	2,314,360	2,144,382	1,897,715
Utilities	310,083	259,483	207,934
Wages and benefits	5,694,319	4,957,873	4,273,073
Construction, property and equipment acquisition	-	(4,794,707)	(9,592,950)
	<b>\$ 17,078,686</b>	<b>\$ 13,835,088</b>	

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**25. PRIOR PERIOD ADJUSTMENTS**

Subsequent to the release of the March 31, 2019 Snuneymuxw First Nation Consolidated Financial Statements, new material information was obtained regarding the IR#3 Former Reserve Coal Mine capital project. It was determined that the amount capitalized for this project was overstated by \$480,013.

Subsequent to the release of the March 31, 2019 Snuneymuxw First Nation Consolidated Financial Statements, it was determined that the amount accrued for future payroll liabilities was understated by \$76,589.

A summary of the changes are as follows:

**SUMMARY STATEMENT OF FINANCIAL POSITION**

	<b>2019</b>		<b>2019</b>
	<i>As previously stated</i>	<i>Changes</i>	<i>Restated</i>
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities	2,558,613	76,589	2,635,202
<b>Net financial assets (debt)</b>			
	3,176,112	(76,589)	3,099,523
<b>Non-financial assets</b>			
Tangible capital assets	33,914,514	(480,013)	33,434,501
<b>Accumulated surplus</b>	<b>\$ 37,307,291</b>	<b>(556,602)</b>	<b>\$ 36,750,689</b>

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**25. PRIOR PERIOD ADJUSTMENTS (continued)**

**SUMMARY STATEMENT OF OPERATIONS**

	2019 As previously stated	Changes	2019 Restated
<b>Expenses</b>			
Administration	1,701,659	(79,703)	1,621,956
Education	2,981,584	(15,721)	2,965,863
Health	1,319,630	179,596	1,499,226
Daycare	755,699	(262,532)	493,167
Social Development	1,639,107	(12,894)	1,626,213
Economic Development	2,068,447	(39,611)	2,028,836
Infrastructure	366,554	63,912	430,466
Capital Projects	694,357	329,282	1,023,639
Housing	838,783	(9,457)	829,326
Lands and Resources	55,097	28,405	83,502
<b>Annual surplus</b>	<b>13,079,222</b>	<b>(374,595)</b>	<b>12,704,627</b>
<b>Accumulated surplus, beginning previously stated</b>	<b>24,228,069</b>	<b>-</b>	<b>24,228,069</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>(182,007)</b>	<b>(182,007)</b>
<b>Accumulated surplus, beginning of year restated</b>	<b>24,228,069</b>	<b>(182,007)</b>	<b>24,046,062</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 37,307,291</b>	<b>\$ (556,602)</b>	<b>\$ 36,750,689</b>

**SUMMARY STATEMENT OF NET FINANCIAL ASSETS (DEBT)**

	2019 As previously stated	Changes	2019 Restated
<b>Annual surplus</b>	<b>\$ 13,079,222</b>	<b>\$ (374,595)</b>	<b>\$ 12,704,627</b>
<b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets	(9,922,230)	329,280	(9,592,950)
<b>Increase in net assets</b>	<b>4,353,511</b>	<b>(45,315)</b>	<b>4,308,196</b>
<b>Net debt at beginning of year</b>	<b>(1,177,399)</b>	<b>(31,274)</b>	<b>(1,208,673)</b>
<b>Net financial assets (debt) at end of year</b>	<b>\$ 3,176,112</b>	<b>\$ (76,589)</b>	<b>\$ 3,099,523</b>