

**PENELAKUT TRIBE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

Brynjolfson & Company

**PENELAKUT TRIBE
FINANCIAL STATEMENTS
MARCH 31, 2020**

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MANAGEMENT'S REPORT

Management's Responsibility for the Financial Statements

The accompanying financial statements of Penelakut Tribe are the responsibility of management and have been approved by Chief and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the CPA Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

Chief and Council meet periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, Brynjolfson & Company, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Penelakut Tribe and meet when required.

On behalf of Penelakut Tribe:

July 15, 2020



Band Administrator



Brynjolfson & Co. Chartered Professional Accountant

797 Kona Crescent
Victoria, B.C. V8X 4N9
(Tel: 250-727-7169)
(E-mail: pbrynjolfson@aol.com)

INDEPENDENT AUDITOR'S REPORT

To the Members of Penelakut Tribe:

Opinion

I have audited the financial statements of Penelakut Tribe (the Entity), which comprise the statement of financial position as at March 31, 2020, and the statement of operations, the statement of changes in net debt, and the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020 and its results of operations, its changes in its net debt, and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 Financial Statements

My 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 my 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

INDEPENDENT AUDITOR'S REPORT Cont'd

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, I exercise professional judgment and maintain professional skepticism throughout the audit.

I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 Entity to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the Entity's audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

Brynjolfson + Co.

Brynjolfson & Company
Victoria, B.C.
July 15, 2020

PENELAKUT TRIBE
STATEMENT OF FINANCIAL POSITION
March 31, 2020

	2020	2019
Financial Assets		
Cash	2,840,835	3,048,824
Restricted Cash, Note 3	1,165,969	966,109
Accounts Receivable, Note 6	1,365,534	1,120,400
Due from Business Enterprises, Note 14	<u>476,621</u>	<u>98,418</u>
	<u>5,848,959</u>	<u>5,233,751</u>
Liabilities		
Accounts payable and accrued liabilities, Note 10	442,006	1,020,772
Overdraft line of credit	-	25,000
Deferred revenue	502,415	122,508
Replacement and Operating Reserves	997,025	910,414
Long-term debt, Note 8	<u>5,107,663</u>	<u>5,382,036</u>
	<u>7,049,109</u>	<u>7,460,730</u>
Net Debt	(1,200,150)	(2,226,979)
Non-financial assets		
Tangible capital assets, Note 7	13,273,401	11,823,283
Prepaid Expenses	<u>27,225</u>	<u>1,322</u>
	<u>13,300,626</u>	<u>11,824,605</u>
Accumulated surplus	<u>12,100,476</u>	<u>9,597,626</u>
Contingent liabilities, Note 13		

Approved by:



Chief



Councillor



Councillor



Councillor



Councillor



Councillor

The accompanying notes and accompanying schedules are an integral part of these financial statements.

PENELAKUT TRIBE
STATEMENT OF OPERATIONS
For the year ended March 31, 2020

	2020		2019
	Budget	Actual	Actual
	\$	\$	\$
Revenue			
Indigenous Services Canada	7,958,752	7,958,752	6,263,604
Health Authority	1,505,972	1,524,087	1,068,476
CSETS	270,821	270,821	319,893
Province of BC	1,081,649	2,827,093	765,527
FNESC	982,237	958,811	872,829
Rent	490,000	493,466	455,820
Other	433,832	1,270,161	1,458,471
Recovery of Funds	<u>—</u>	<u>(1,340)</u>	<u>(524,812)</u>
	<u>12,723,263</u>	<u>15,301,851</u>	<u>10,679,808</u>
Expenses			
Administration	706,539	826,149	736,335
Community Operations	550,315	681,356	773,960
Education	4,606,394	4,467,971	4,272,673
Social Development	1,276,397	1,861,819	1,642,002
Health	1,287,965	1,261,253	981,068
Canada Employment & Job Creation	277,462	383,496	280,173
Band Funds and Other Programs	390,886	929,531	630,356
Capital Operations	1,742,655	1,711,486	918,327
Housing	<u>677,820</u>	<u>675,940</u>	<u>699,340</u>
	<u>11,516,433</u>	<u>12,799,001</u>	<u>10,934,234</u>
Annual surplus/(deficit)	<u>1,206,830</u>	2,502,850	(254,426)
Accumulated Surplus, beginning of year		<u>9,597,626</u>	<u>9,852,052</u>
Accumulated Surplus, end of year		<u>12,100,476</u>	<u>9,597,626</u>

Segment Disclosure, Note 16

The accompanying notes and accompanying schedules are an integral part of these financial statements.

PENELAKUT TRIBE
STATEMENT OF CHANGE IN NET DEBT
For the year ended March 31, 2020

	2020 Actual \$	2019 Actual \$
Annual surplus (deficit)	2,502,850	(254,426)
Acquisition of tangible capital assets	(2,056,433)	(438,215)
Amortization of tangible capital assets	606,315	622,422
Acquisition of prepaid expenses	(27,225)	(1,322)
Use of prepaid expenses	<u>1,322</u>	<u>11,104</u>
(Increase) Decrease in net debt	1,026,829	(60,437)
Net debt, beginning of year	<u>(2,226,979)</u>	<u>(2,166,542)</u>
Net debt, end of year	<u>(1,200,150)</u>	<u>(2,226,979)</u>

Note: Budget figures are not available.

The accompanying notes and accompanying schedules are an integral part of these financial statements.

PENELAKUT TRIBE
STATEMENT OF CASH FLOW
For the year ended March 31, 2020

	2020 Actual	2019 Actual
	\$	\$
Operating Transactions		
Annual surplus (deficit)	2,502,850	(254,426)
Items not affecting cash: amortization of tangible capital assets	606,315	622,422
(Increase) decrease in accounts receivable	(245,134)	(187,477)
(Increase) decrease in Due from Business Enterprises	(378,203)	79,919
Increase (decrease) in accounts payable and accrued liabilities	(578,766)	547,144
Increase (decrease) in deferred revenue	379,907	7,399
Increase (decrease) in replacement and operating reserves	86,611	166,031
Decrease (increase) in prepaid expenses	<u>(25,903)</u>	<u>9,782</u>
Cash provided by (used in) operating transactions	<u>2,347,677</u>	<u>990,794</u>
Capital Transactions		
Purchase of tangible capital assets	<u>(2,056,433)</u>	<u>(438,215)</u>
Cash provided by (used in) capital transactions	<u>(2,056,433)</u>	<u>(438,215)</u>
Financing Transactions		
Reduction in long-term debt	(274,373)	(287,427)
Credit line proceeds	<u>(25,000)</u>	—
Cash provided by (used in) financing transactions	<u>(299,373)</u>	<u>(287,427)</u>
Increase (decrease) in cash during year	(8,129)	265,152
Cash at beginning of year	<u>4,014,933</u>	<u>3,749,781</u>
Cash at end of year	<u>4,006,804</u>	<u>4,014,933</u>
Supplementary cash flow information:		
Interest received in year	44,829	41,055
Interest paid in year	89,723	94,102

The accompanying notes and accompanying schedules are an integral part of these financial statements.

PENELAKUT TRIBE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

1. NATURE OF OPERATIONS

Penelakut Tribe (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 settlement and specific lands claims.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These Financial Statements have been prepared in accordance with Canadian public sector accounting standards for government entities as recommended by the CPA Public Sector Accounting Board.

a) Reporting Entity

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

b) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Penelakut Tribe’s investment in the government business enterprise and the enterprise’s net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Penelakut Tribe.

The commercial enterprises and business partnerships accounted for on a modified equity basis include:

1. Penelakut Seafood Ltd.
2. Spune’lexutth’ Holdings Incorporated

There are no controlled entities that are consolidated in the financial statements.

PENELAKUT TRIBE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

c) 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.

d) 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 is primarily governed by Sections 63 to 69 of the Indian Act.

e) Deferred Revenue

Under the terms of the contribution agreement between the First Nation, ISC and certain other agencies, the First Nation may be liable to repay any contributed fund not expended in accordance with the agreement. Also, any deficit, supported by claims eligible for reimbursement under the terms and conditions of the funding agreements, may be reimbursed by the contributor subject to the program's terms and conditions. The First Nation has recorded all known unexpended contribution funds as deferred revenue and/or accounts payable. In some cases, certain program surplus/(deficit) funds have been carried forward accordingly, due to the on-going nature of their program.

f) Long-term Debt

Loan proceeds related to the financing of tangible capital assets are recorded as revenue in the appropriate fund. The loan amount is also recorded as a liability on the Statement of Financial Position and as a reduction in the Tangible Capital Asset Fund.

Debt payments, including principal and interest, are charged to the fund to which they relate. Principal reductions are reflected as a reduction in the liability with an offsetting increase in the Tangible Capital Asset Fund.

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 asset.

PENELAKUT TRIBE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

Amortization is provided for over their estimated useful lives using the diminishing balance method, at the following annual rates:

Buildings	5%
Housing CMHC	4%
Equipment	20%
Infrastructure	4%
Vehicles	30%
Vessels	5%

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 amortized until the asset is available to be put into service.

h) Revenue Recognition

Government Funding:

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as such. In these 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 Fund:

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

PENELAKUT TRIBE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

when earned.

Housing Rental Income:

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

Own Source Revenue:

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

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 performed is deferred and recognized when the fee is earned or service performed.

i) Financial Instruments

Financial instruments are initially classified upon initial recognition as a fair value or 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 an 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 an amortized cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss, calculated as the excess of the net recoverable amount of the asset and its carrying value, is reported in the statement of operations and any unrealized gain is adjusted through the statement of re-measurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of re-measurement gains and losses are reversed and recognized in the statement of operations.

PENELAKUT TRIBE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

The First Nation's financial instruments consist of cash and cash equivalents, accounts receivable, loans receivable, long-term debt, accounts payable and accrued liabilities. It is management's opinion that the First Nation is not exposed to significant interest rate, market, currency, credit, or liquidity risks arising from these financial instruments and that the fair value of these financial instruments approximate their carrying values.

j) Measurement Uncertainty

In preparing the financial statements for the First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include allowance for doubtful accounts, accrued liabilities and amortization. Actual results could differ from these estimates.

3. CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Externally restricted		
Social Housing, Note 9	925,946	732,078
Ottawa Trust Funds	<u>240,023</u>	<u>234,031</u>
	<u>1,165,969</u>	<u>966,109</u>
Unrestricted		
Cash and banks	<u>2,840,835</u>	<u>3,048,824</u>
Total Cash and Cash Equivalents	<u>4,006,804</u>	<u>4,014,933</u>

Externally restricted – Operating Reserve:

Under the terms of the agreements with CMHC, excess revenues over expenditures for the Post 1996 phases may be retained in an Operating Reserve. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds may be used to offset future deficits. Withdrawals are credited to interest first and the principal. At the year end, the reserve was over funded by \$ 71,472 (2019 under funded by \$60,462).

PENELAKUT TRIBE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

Externally restricted – Replacement Reserve:

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited in the amount of \$89,300 annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, the reserve was over funded by \$12,590 (2019 under funded by \$20,842).

4. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

Trust fund 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. The management of these funds are primarily governed by Sections 63 to 69 of the Indian Act.

	Opening Balance	Additions	Withdraws	2020 Total	2019 Total
	\$	\$	\$	\$	\$
Revenue	63,603	5,992	-	69,595	63,603
Capital	<u>170,428</u>	<u>-</u>	<u>-</u>	<u>170,428</u>	<u>170,428</u>
	<u>234,031</u>	<u>5,992</u>	<u>-</u>	<u>240,023</u>	<u>234,031</u>

5. ECONOMIC DEPENDENCE

The government of Penelakut Tribe receives a major portion of its revenue from Indigenous Services Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

6. ACCOUNTS RECEIVABLE	2020	2019
• ISC	\$ 505,366	\$ 181,205
• CSETS	48,762	51,215
• FNESC	32,269	348,854
• Fisheries	197,000	116,778
• Due from Members Rent	18,396	19,100
• Due from Members Social Housing	12,585	19,136
• Treaty Group	113,327	65,859
• Prov of BC	86,000	25,271
• Other	<u>351,829</u>	<u>292,982</u>
	<u>1,365,534</u>	<u>1,120,400</u>

PENELAKUT TRIBE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

7. TANGIBLE CAPITAL ASSETS

	C O S T			AMORTIZATION				
	Opening Balance	Additions	Closing Balance	Opening Balance	Amorti- zation	Closing Balance	2020 Balance	2019 Balance
Buildings	6,568,385	432,748	7,001,133	3,895,320	133,653	4,028,973	2,972,160	2,673,095
Building/Land (store)	-	1,516,215	1,516,215	-	-	-	1,516,215	-
Equipment	955,674	89,260	1,044,934	778,177	53,351	831,528	213,406	177,497
Infrastructure	4,912,981	-	4,912,981	2,017,818	115,805	2,133,623	2,779,358	2,895,132
Vehicles	863,433	-	863,433	711,421	45,604	757,025	106,408	152,012
Vessels	174,869	18,209	193,078	143,958	9,824	153,782	39,296	30,911
CMHC Housing	6,490,339	-	6,490,339	1,751,538	248,078	1,999,616	4,490,723	4,738,801
Building-in-progress	<u>1,155,835</u>	<u>-</u>	<u>1,155,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,155,835</u>	<u>1,155,835</u>
TOTALS	<u>\$21,121,516</u>	<u>2,056,432</u>	<u>23,177,948</u>	<u>9,298,232</u>	<u>606,315</u>	<u>9,904,547</u>	<u>13,273,401</u>	<u>11,823,283</u>

* There were no disposals during the year.

8. LONG-TERM DEBT

		2020	2019
Mortgage payable with payments of \$2,321 per month including interest at 1.97%, secured by ministerial guarantee from ISC, renewal December 2022, matures December 2025		151,599	176,257
Mortgage payable with payments of \$3,855 per month including interest at 2.5%, secured by ministerial guarantee from ISC, renewal June 2023, matures June 2033		522,884	555,767
Mortgage payable with payments of \$3,710 per month including interest at 2.5%, secured by ministerial guarantee from ISC, renewal June 2023, matures June 2033		503,189	534,834
Mortgage payable with payments of \$5,484 per month including interest at 1.83%, secured by ministerial guarantee from ISC, renewal December 2019, matures December 2034		851,832	901,683

PENELAKUT TRIBE
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Demand loan payable with payments of \$ 4,156 per month including interest at 2.71%, secured by ministerial guarantee from ISC, renewal April 2021	648,536	680,364
Mortgage payable with payments of \$ 4,998 per month including interest at 1.08%, secured by ministerial guarantee from ISC, renewal August 2020, matures August 2040	1,099,814	1,147,692
Mortgage payable with payments of \$ 3,068 per month including interest at 1.03%, secured by ministerial guarantee from ISC, renewal October 2021, matures October 2041	712,868	742,203
Term Loan payable with payments of \$4,354 per month, interest at 4.1%, due May 20, 2021	<u>616,941</u>	<u>643,236</u>
	<u>5,107,663</u>	<u>5,382,036</u>

Schedule of principal reduction is estimated as follows:

2021	\$278,413	2024	\$296,718
2022	\$284,363	2025	\$303,130
2023	\$290,464		

9. SOCIAL HOUSING RESERVES

a) Replacement Reserve

Under the terms of the agreement with CMHC, a replacement reserve is maintained to provide for future asset replacement. These funds, along with accumulated interest, must be held in a separate bank account. Use of these funds is restricted to expenditures approved by CMHC.

b) Operating Reserve

Under the terms of the agreement with CMHC (Section 95, Post 1997 on Reserve Program), any surplus revenue will be retained within an Operating Reserve. These funds, along with accumulated interest, must be held in a separate bank account. Use of these funds is restricted to ongoing operating costs of housing projects committed under the Post 1997 On Reserve Program.

PENELAKUT TRIBE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
Comprised of the following:		
Trade payables	\$ 186,723	\$ 322,950
Recoveries payable funding agencies	-	524,812
Accrued salaries and employee benefits payable	<u>255,283</u>	<u>173,010</u>
	<u>\$ 442,006</u>	<u>\$ 1,020,772</u>

11. EXPENSES BY OBJECT

	<u>2020</u>	<u>2019</u>
Wages	\$ 3,830,202	\$ 3,242,228
Benefits	566,995	454,415
Amortization	606,315	622,422
Contracts	950,817	1,296,917
Legal	802,683	296,442
Materials and supplies	428,940	433,287
Other	3,014,061	2,229,942
Repairs and maintenance	268,914	225,789
Tuition and books	748,622	662,951
Social Assistance	<u>1,581,452</u>	<u>1,469,841</u>
	<u>\$ 12,799,001</u>	<u>\$10,934,234</u>

12. INVESTMENT IN FIRST NATION CONTROLLED BUSINESS ENTITY

	<u>Aug. 31</u>	<u>Aug. 31</u>
	<u>2019</u>	<u>2018</u>
Penelakut Seafood Ltd. (unaudited):		
- advances	158,577	89,600
- share capital	1	1
- equity (loss)	<u>19,453</u>	<u>(8,627)</u>
Total	<u>178,031</u>	<u>80,974</u>

Financial information for the fiscal year ended August 31, 2019 prepared from unaudited financial statements is as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Profit</u>
Year ended August 31, 2019	<u>\$184,232</u>	<u>\$164,778</u>	<u>\$312,814</u>	<u>\$284,734</u>	<u>\$28,080</u>

Although the investment in a controlled business enterprise is normally accounted for using the modified equity method, only the advances due from Penelakut Seafood Ltd. are recorded. No significant difference results. Penelakut Tribe owns 100% of Penelakut Seafood Ltd.

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	<u>Mar. 31</u> <u>2020</u>	<u>Mar. 31</u> <u>2019</u>
Spune'lexutth' Holdings Incorp.(unaudited):		
- advances	\$317,435	-
- share capital	1	-
- equity (loss)	(34,001)	-
Total	<u>283,435</u>	-

Financial information for the fiscal year ended March 31, 2020 prepared from unaudited financial statements is as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Profit</u>
Year ended March 31, 2020	<u>\$325,956</u>	<u>\$359,956</u>	<u>\$77,590</u>	<u>\$112,591</u>	<u>\$(34,001)</u>

Although the investment in a controlled business enterprise is normally accounted for using the modified equity method, only the advances due from Spune'luxutth' Holdings Inc. are recorded. No significant difference results. Penelakut Tribe owns 100% of Spune'luxutth' Holdings Inc.

13. CONTINGENT LIABILITIES

- a) Penelakut Tribe has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the Tribe fails to comply with the terms and conditions of the agreements.
- b) The First Nation has Ministerial Guarantees for loan balances outstanding. The contingent liability as at year-end amounts to \$3,836,842 (2019 - \$4,052,754).

14. DUE FROM BUSINESS ENTERPRISES

	<u>2020</u>	<u>2019</u>
Penelakut Seafood Ltd.	\$ 159,185	\$ 98,418
Spune'luxutth Holdings	<u>317,436</u>	-
	<u>\$ 476,621</u>	<u>\$ 98,418</u>

Advances due from the wholly owned business enterprise are unsecured and without interest or any fixed terms of repayment.

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15. BUDGET FIGURES

Unaudited budgeted figures have been provided for comparison purposes and have been derived from estimates provided by Chief and Council.

16. SEGMENTED INFORMATION

Penelakut Tribe provides a wide range of services to its membership. For management reporting purposes, Penelakut Tribe's operations and activities are organized and reported by department. These departments have been separately disclosed in the segmented information, along with the services they provide, as follows:

- (a) Administration – this function pertains to all the general and administrative functions of Penelakut Tribe, including management, reception, accounting, human resource management, staff training, information technology and records.
- (b) Community Operations – responsibilities include the care and maintenance of Penelakut Tribe infrastructure including government buildings, roads, water and sewer, and materials management.
- (c) Education Services - the education department supports numerous education and training related programs including the band school, adult education, and daycare support amongst others.
- (d) Social Development and Training – this department delivers social assistance programs including basic needs, adult in home care and prevention programs.
- (e) Health – this department delivers health and prevention services to the community including community nursing services, in home care, drug and alcohol counseling, diabetes counseling, head start programs and patient travel.
- (f) Economic Development – this department assists the community in identifying and developing economic development initiatives, links training opportunities and job creation with community labour needs, and undertakes research and planning.
- (g) Band Funds and Other Programs – this department is engaged with the administration of other band related programs such as treaty negotiations, forestry, gaming funds, foodfish, youth initiatives etc.
- (h) Capital - this department is responsible for the planning and construction of new capital facilities and infrastructure, as well as overseeing new housing projects.

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(i) Housing – this department is engaged with the administration of band housing for members.

16. Segment Disclosure

The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 2. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the period are as follows:

	ADMINISTRATION			COMMUNITY OPERATIONS			EDUCATION			Budget 2020
			Budget 2020			Budget 2020			Budget 2020	
	2020	2019	2020	2020	2019	2020	2020	2019	2020	
Revenue										
Federal Govt.	722,888	634,839	753,305	584,770	755,177	573,558	4,229,668	4,143,981	4,269,797	
Other/Transfers	130,426	39,830	79,000	34,453	-	-	309,159	603,176	186,665	
Recoveries	-	-	-	-	-	-	-	(211,413)	-	
Total Revenue	<u>853,314</u>	<u>674,669</u>	<u>832,305</u>	<u>619,223</u>	<u>755,177</u>	<u>573,558</u>	<u>4,538,827</u>	<u>4,535,744</u>	<u>4,456,462</u>	
Expense										
Salaries and benefits	625,865	431,065	652,172	307,119	295,976	270,555	2,321,104	2,025,703	2,151,582	
Amortization	31,618	33,281	-	-	-	-	-	-	-	
Debt servicing	1,670	3,188	7,950	-	-	-	-	4,239	4,098	4,200
Other expenses/transfers	<u>166,996</u>	<u>268,801</u>	<u>46,417</u>	<u>374,237</u>	<u>477,984</u>	<u>279,760</u>	<u>2,142,628</u>	<u>2,242,872</u>	<u>2,450,612</u>	
Total expenses	<u>826,149</u>	<u>736,335</u>	<u>706,539</u>	<u>681,356</u>	<u>773,960</u>	<u>550,315</u>	<u>4,467,971</u>	<u>4,272,673</u>	<u>4,606,394</u>	
Annual Surplus/(Deficit)	<u>27,165</u>	<u>(61,666)</u>	<u>125,766</u>	<u>(62,133)</u>	<u>(18,783)</u>	<u>23,243</u>	<u>70,856</u>	<u>263,071</u>	<u>(149,932)</u>	
SOCIAL DEVELOPMENT			EMPLOYMENT & JOB CREATION			BAND FUNDS / OTHER				
Revenue			Budget			Budget				
Federal Govt.	1,758,156	1,544,948	Budget 2020	1,508,482	185,126	213,492	173,893	-	-	
Other/Transfers	(29,492)	168	-	-	414,822	186,816	25,000	2,953,316	595,464	1,219,868
Recoveries	-	(311,427)	-	-	-	-	-	-	-	
Total Revenue	<u>1,728,664</u>	<u>1,233,689</u>	<u>1,508,482</u>	<u>599,948</u>	<u>400,308</u>	<u>198,893</u>	<u>2,953,316</u>	<u>595,464</u>	<u>1,219,868</u>	
Expense										
Salaries and benefits	146,789	129,386	144,125	144,097	168,761	173,727	125,222	123,997	193,107	
Amortization	-	-	-	-	-	-	-	-	-	
Debt servicing	764	812	900	-	-	-	-	-	-	
Other expenses/transfers	<u>1,714,266</u>	<u>1,511,804</u>	<u>1,131,372</u>	<u>239,399</u>	<u>111,412</u>	<u>103,737</u>	<u>804,309</u>	<u>506,359</u>	<u>197,779</u>	
Total expenses	<u>1,861,819</u>	<u>1,642,002</u>	<u>1,276,397</u>	<u>383,496</u>	<u>280,173</u>	<u>277,462</u>	<u>929,531</u>	<u>630,356</u>	<u>390,886</u>	
Annual Surplus/(Deficit)	<u>(133,155)</u>	<u>(408,313)</u>	<u>232,085</u>	<u>216,452</u>	<u>120,135</u>	<u>(78,569)</u>	<u>2,023,785</u>	<u>(34,892)</u>	<u>828,982</u>	

16. Segment Disclosure (cont'd)

	CAPITAL			HOUSING			HEALTH			Budget 2020
	2020	2019	Budget 2020	2020	2019	Budget 2020	2020	2019	2020	
Revenue										
Federal Govt.	1,827,570	66,132	1,633,643	289,141	287,854	290,000	1,505,972	1,075,488	1,505,972	
Recovery – ISC	-	(1,972)	-	-	-	-	-	-	-	
Other/transfers	(113,878)	452,982	8,080	496,755	523,596	493,000	2,999	80,677	3,000	
Total Revenue	<u>1,713,692</u>	<u>517,142</u>	<u>1,641,723</u>	<u>785,896</u>	<u>811,450</u>	<u>783,000</u>	<u>1,508,971</u>	<u>1,156,165</u>	<u>1,508,972</u>	
Expense										
Salaries and benefits	-	-	-	-	-	-	727,001	521,755	771,559	
Amortization	326,619	345,288	-	248,078	243,852	248,000	-	-	-	
Debt servicing	-	585	-	83,036	91,391	83,000	-	-	-	
Reserve adjustments	-	-	-	116,276	89,300	116,320	-	-	-	
Other expenses/transfers	<u>1,384,867</u>	<u>572,454</u>	<u>1,742,655</u>	<u>228,550</u>	<u>274,797</u>	<u>230,500</u>	<u>534,252</u>	<u>459,313</u>	<u>516,406</u>	
Total expenses	<u>1,711,486</u>	<u>918,327</u>	<u>1,742,655</u>	<u>675,940</u>	<u>699,340</u>	<u>677,820</u>	<u>1,261,253</u>	<u>981,068</u>	<u>1,287,965</u>	
Annual Surplus/(Deficit)	<u>2,206</u>	<u>(401,185)</u>	<u>(100,932)</u>	<u>109,956</u>	<u>112,110</u>	<u>105,180</u>	<u>247,718</u>	<u>175,097</u>	<u>221,007</u>	