

**Qualicum First Nation
Consolidated Financial Statements**
March 31, 2019

Qualicum First Nation Contents

For the year ended March 31, 2019

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Management's Responsibility

To the Members of Qualicum First Nation

The accompanying financial statements of Qualicum First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Qualicum First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 10, 2019

Signed by: Tyleen Bell

Financial Controller

Independent Auditor's Report

To the Members of Qualicum First Nation:

Opinion

We have audited the consolidated financial statements of Qualicum First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus and related schedules, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for 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 First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Nanaimo, British Columbia

July 10, 2019

MNP LLP

Chartered Professional Accountants

MNP
LLP

Qualicum First Nation
Consolidated Statement of Financial Position
As at March 31, 2019

	2019	2018
Financial assets		
Cash	1,409,498	1,118,337
Accounts receivable (Note 4)	90,388	159,121
Inventory for resale	9,568	11,275
Funds held in trust (Note 5)	51,180	49,238
Advances to related First Nation entities (Note 6)	19,168	11,733
Portfolio investments (Note 7)	100	100
Investment in First Nation business entities (Note 7)	826,415	432,575
Loan receivable (Note 8)	743,510	743,510
Total financial assets	3,149,827	2,525,889
Liabilities		
Accounts payable and accruals	108,312	255,215
Deferred revenue (Note 9)	563,283	456,774
Damage deposits	2,550	1,200
Term loans (Note 10)	207,970	258,023
Total liabilities	882,115	971,212
Net financial assets	2,267,712	1,554,677
Commitment (Note 11)		
Non-financial assets		
Tangible capital assets (Schedule 1)	2,946,060	2,400,080
Prepaid expenses	20,233	54,760
Total non-financial assets	2,966,293	2,454,840
Accumulated surplus (Note 13)	5,234,005	4,009,517

Approved by Chief and Council

Signed by: Michael Recalma

Chief

Signed by: Tanna Weir

Councillor

Qualicum First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2019

	<i>Schedules</i>	<i>2019 Budget (Note 17)</i>	<i>2019</i>	<i>2018</i>
Revenue				
First Nations Health Authority		325,956	606,876	274,505
Indigenous Services Canada (Note 15)		503,005	535,341	532,636
Province of British Columbia		446,980	381,999	139,634
Fisheries and Oceans Canada		60,000	60,000	60,000
Daycare		396,608	522,174	397,683
Campsite		310,132	403,967	345,952
Earnings from investment in Nation business entities		-	393,840	245,182
Other revenue		438,913	174,234	67,309
Cigarette sales		96,000	121,456	87,220
Fish revenue		70,000	68,660	41,202
Rental income		51,000	47,897	56,828
Coast Salish Employment and Training Society		29,677	39,890	27,177
First Nation Education Steering Committee		50,339	39,174	4,101
Interest income		-	21,411	12,211
New Relationship Trust		5,000	5,600	7,000
ISC Trust Fund interest revenue and contributions		-	1,942	757
		2,783,610	3,424,461	2,299,397
Program expenses				
Administration	3	232,942	335,537	261,685
Community	4	114,802	116,419	97,250
Community Infrastructure	5	42,270	94,859	56,173
Economic Development	6	706,954	860,181	504,780
Education	7	203,159	130,814	96,429
Health	8	316,919	319,515	270,550
Housing	9	210,146	248,325	224,337
Social Services	10	52,848	94,323	78,501
		1,880,040	2,199,973	1,589,705
Annual surplus		903,570	1,224,488	709,692
Accumulated surplus, beginning of year		-	4,009,517	3,299,825
Accumulated surplus, end of year		903,570	5,234,005	4,009,517

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

	2019 Budget (Note 17)	2019	2018
Annual surplus	903,570	1,224,488	709,692
Purchases of tangible capital assets	(843,870)	(711,560)	(570,112)
Amortization of tangible capital assets	165,454	165,580	126,636
Acquisition of prepaid expenses	-	-	(27,564)
Use of prepaid expenses	-	34,527	-
Increase in net financial assets	225,154	713,035	238,652
Net financial assets, beginning of year	1,554,677	1,554,677	1,316,025
Net financial assets, end of year	1,779,831	2,267,712	1,554,677

Qualicum First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	1,224,488	709,692
Non-cash items		
Amortization	165,580	126,636
Earnings from investment in First Nation business entities	(393,840)	(245,182)
Accrued interest on loan receivable	(7,435)	(8,535)
Increase in funds held in trust	(1,942)	(5,757)
Changes in working capital accounts		
Accounts receivable	68,733	(19,968)
Inventory for resale	1,710	(7,501)
Accounts payable and accruals	(146,907)	169,660
Deferred revenue	106,510	378,718
Damage deposits	1,350	(1,915)
Prepaid expenses	34,527	(27,564)
	1,052,774	1,068,284
Financing activities		
Advance of term loan	-	227,500
Repayment of term loan	(50,053)	(46,509)
	(50,053)	180,991
Capital activities		
Purchases of tangible capital assets	(711,560)	(570,112)
Investing activities		
Redemption of term deposits	-	250,000
Increase in cash	291,161	929,163
Cash, beginning of year	1,118,337	189,174
Cash, end of year	1,409,498	1,118,337
Supplementary cash flow information		
Interest paid	24,785	14,822

Qualicum First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

1. Operations

Qualicum First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Qualicum First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity

These financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity. Trusts administered on behalf of third parties by Qualicum First Nation are excluded from the First Nation reporting entity.

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

- Operating fund
- Business enterprise fund
- Capital fund
- Ottawa trust fund
- Subdivision reserve fund

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Qualicum First Nation business enterprises, owned or controlled by the First Nation's Chief and Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities are recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include Saa'men Economic Development Limited Partnership and its general partner, Saa'men GP Ltd.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization.

Contributed tangible capital assets are recorded at their fair market value at the time of acquisition.

Amortization is provided on a declining balance basis over the estimated useful life of the assets. In the year of acquisition amortization commences in the month following the purchase of the asset. See below for amortization rates of specific asset categories.

Qualicum First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

Amortization

The First Nation's land, graveyard and fish carving are not subject to amortization as their estimated useful lives are indefinite. Amortization is not taken on assets which have been acquired but not put to use. Amortization for other tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings and improvements	declining balance	4 - 5 %
Vehicles and equipment	declining balance	20 - 30 %
Band housing	declining balance	5 - 20 %
Computer hardware and software	declining balance	45 - 100 %
Roads and streets	declining balance	8 %
Water, sanitary and storm	declining balance	4 - 10 %

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets is comprised of two components, non-financial assets and accumulated surplus.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are based on the best information available regarding potentially contaminated sites that the First Nation is responsible for. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in surplus in the periods in which they become known.

Qualicum First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

Financial instruments

The First Nation's financial instruments consist of cash, accounts receivable, funds held in trust, advances to related First Nation entities, loan receivable, accounts payable and accruals, damage deposits and term loans. 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.

Revenue recognition

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

i) Indigenous Services Canada ("ISC")

ISC revenue is recognized as it becomes receivable under the terms of the "Comprehensive Funding Arrangement". Funding is based on an annual budget which is agreed to by the parties and consists of fixed contribution payments and set contribution payments. In the case of the fixed contribution payments, the First Nation is permitted to use surpluses at its own discretion provided the terms and conditions of the agreement are met but must take responsibility for any deficits. In the case of the set contribution payments, any surpluses must be returned to ISC and deficits are recoverable.

ii) Ottawa Trust Funds

The First Nation recognizes revenues of the Ottawa Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

iii) Rental income

Rental income 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.

iv) Fisheries and Oceans Canada

Fisheries and Oceans Canada revenue is recognized as it becomes receivable based upon the funding agreement. Certain funding arrangements with Fisheries and Oceans Canada can result in surpluses being repaid or deficits being funded depending upon year end position of the program.

v) First Nations Health Authority

First Nations Health Authority revenue is recognized as it becomes receivable under the terms of the funding arrangement. Funding is based on an annual budget which is agreed to by the parties. Surpluses are recoverable unless specific allowance to carryforward excess amounts has been granted by First Nations Health Authority.

vi) Own Source Revenues

Own source revenues are recognized as services are rendered or goods are sold, once amounts can be reasonably measured, and collectibility is reasonably assured, on an accrual basis.

Qualicum First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2019.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2019, no liability for contaminated sites exists.

3. Change in accounting policy

Effective April 1, 2018, the First Nation adopted the recommendations relating to *PS 3430 Restructuring Transactions* as set out in the CPA Canada Public Sector Accounting Handbook. The main features of this standard are as follows:

- A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.
- Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.

There was no material impact on the consolidated financial statements of adopting the new section.

4. Accounts receivable

	2019	2018
Department of Fisheries and Oceans Canada	6,000	12,000
Indigenous Services Canada	2,353	7,434
Coast Salish Employment and Training Society	-	7,127
First Nations Education Steering Committee	-	5,038
Other receivables	111,519	161,699
Less: allowance for doubtful accounts	119,872	193,298
	29,484	34,177
	90,388	159,121

Qualicum First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

5. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

	2019	2018
Capital Trust		
Balance, beginning and end of year	876	876
Revenue Trust		
Balance, beginning of year	48,362	42,605
Interest	1,658	464
Special (BC)	284	293
Fisheries and Oceans Canada	-	5,000
Balance, end of year	50,304	48,362
	51,180	49,238

Ottawa Trust Funds

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.

6. Advances to related First Nation entities

Advances to related First Nation entities are unsecured, non-interest bearing and due on demand. These entities are related by virtue of common control or joint control by the First Nation.

7. Investments

The First Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>	2019
Investments in First Nation business entities:				
Saa'men Economic Development LP - 99.9%	999	839,260	840,259	
Saa'men GP Ltd - 100%	1	(13,845)	(13,844)	
	1,000	825,415	826,415	
Portfolio investments:				
Rosewall Forest Tenure Holdings Ltd - 50%	99	-	99	
Rosewall Forest Tenure Management Ltd - 50%	1	-	1	
	100	-	100	

Qualicum First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

7. Investments *(Continued from previous page)*

			2018	
		Investment cost	Cumulative share of earnings (loss)	Total investment
Investments in First Nation business entities:				
Saa'men Economic Development LP - 99.9%		999	436,565	437,564
Saa'men GP Ltd - 100%		1	(4,990)	(4,989)
		<hr/>	<hr/>	<hr/>
		1,000	431,575	432,575
Portfolio investments:				
Rosewall Forest Tenure Holdings Ltd - 50%		99	-	99
Rosewall Forest Tenure Management Ltd - 50%		1	-	1
		<hr/>	<hr/>	<hr/>
		100	-	100
		<hr/>	<hr/>	<hr/>
		1,100	431,575	432,675

Summary financial information for each First Nation business entity, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Saa'men Economic Development Limited Partnership As at December 31, 2018</i>	<i>Saa'men GP Ltd. As at December 31, 2018</i>
Assets		
Cash and cash equivalents	377,966	-
Investments	464,418	841
Receivable from partners/ shareholders	775,068	1
Land	-	762,002
Total assets	1,617,452	762,844
Liabilities		
Trade and other payables	32,942	1,500
Due to related parties	-	775,188
Loan from Qualicum First Nation	743,410	-
Total liabilities	776,352	776,688
Partners' capital/ Shareholder's deficit	841,100	(13,844)
Total revenue	478,014	403
Total expenses	74,916	9,258
Comprehensive income (loss)	403,098	(8,855)

The First Nation's investees have different year-ends than March 31, 2019. The First Nation uses the investees' year-end financial statements to account for its investment in these investees. The investees' year-ends are December 31, 2018. There were no significant transactions between December 31, 2018 and March 31, 2019.

Qualicum First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. Loan receivable

Qualicum First Nation advanced \$743,510 (2018 - \$743,510) to Saa'men Economic Development Limited Partnership, a subsidiary of the First Nation, in the form of a promissory note. At year-end, the key terms of the promissory note are as follows:

Interest:

- Interest will accrue at a rate of 1% per annum to September 1, 2019 and thereafter at the greater of prime less 2%, or 1%
- Interest will be payable commencing on April 15, 2020 and semi-annually thereafter

Principal repayments:

- If proposed by Qualicum First Nation, the loan is repayable in full on demand pursuant to approval by referendum of Qualicum First Nation members
- Commencing January 1, 2020, Qualicum First Nation may demand repayment of up to \$50,000 per year pursuant to approval of their proposal by referendum of Qualicum First Nation members

The balance is comprised strictly of funds that were advances from the Cochrane Road Settlement Fund (\$708,747) along with any other legal and consultant fees that were paid by Qualicum First Nation on behalf of Saa'men Economic Development Limited Partnership (\$34,763). The balance is unsecured.

9. Deferred revenue

	2019	2018
Deferred revenue		
Campsite	-	100
Prepaid rents	-	300
	<hr/>	<hr/>
	-	400
Deferred funding contributions		
Indigenous Services Canada	160,844	3,711
First Nations Health Authority	152,439	37,397
Coast Salish Employment and Training Society	-	4,900
Success By 6	-	15,000
Province of British Columbia	250,000	395,366
	<hr/>	<hr/>
	563,283	456,374
	<hr/>	<hr/>
	563,283	456,774

Qualicum First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

10. Term loans

	2019	2018
Royal Bank of Canada term loan, repayable in monthly blended payments of \$4,045 bearing interest at Royal Bank prime of 3.95% plus 0.75% per annum, secured by a general security agreement, maturing November 17, 2018.	-	30,523
Royal Bank of Canada term loan, repayable in monthly blended payments of \$2,425 bearing interest at Royal Bank prime of 3.95% plus 0.75% per annum, secured by a general security agreement, maturing March 27, 2020.	207,970	227,500
	207,970	258,023

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

	Principal
2020	19,713
2021	20,660
2022	21,652
2023	22,692
2024	23,782
	<hr/>
	108,499

11. Commitment

The First Nation has entered into an operating lease agreement with estimated minimum annual payments as follows:

2020	2,167
2021	1,264
	<hr/>
	3,431

12. Credit facilities

The First Nation holds a revolving credit facility to a maximum of \$75,000 available with the Royal Bank of Canada bearing interest at Royal Bank of Canada prime. There are no specified terms of repayment. The credit facility is secured by a general security agreement over all personal property of the First Nation. As at March 31, 2019 no amount is drawn on the credit facility.

The prime rate at March 31, 2019 was 3.95% (2018 - 3.45%).

Qualicum First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

13. Accumulated surplus

Qualicum First Nation uses fund accounting procedures that result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The funds have been amalgamated for the purpose of presentation in the consolidated financial statements.

Qualicum First Nation maintains the following funds:

- Operating fund reports on the general activities of the First Nation administration
- Business enterprise fund reports on the investment activities of the First Nation
- Capital fund reports on the tangible capital assets of the First Nation, with any related capital financing
- Trust fund reports on trust monies owned by the First Nation and held by third parties

Accumulated surplus consists of the following:

	2019	2018
Equity in operating fund	855,540	630,304
Equity in business enterprise fund	1,589,193	1,187,918
Equity in capital fund	2,738,092	2,142,057
Equity in trust fund	51,180	49,238
	<hr/> 5,234,005	<hr/> 4,009,517

14. Economic dependence

Qualicum First Nation receives a significant portion of its revenue from Indigenous Services Canada ("ISC") as a result of funding agreements entered into with the Government of Canada. These agreements are administered by ISC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

Qualicum First Nation also receives a significant portion of its revenue from First Nations Health Authority ("FNHA") as a result of funding agreements entered into with FNHA. The ability of the First Nation to continue operations is dependent upon FNHA's continued financial commitments as guaranteed by these agreements.

Qualicum First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

15. Indigenous Services Canada funding reconciliation

	2019	2018
Revenue per confirmation	711,944	531,283
Prior year deferral recognized in revenue for Roads and Bridges	-	3,263
Prior year deferral recognized in revenue for NAHS	-	6,005
Prior year deferral recognized in revenue for Band Employee Benefits	1,605	-
Prior year deferral recognized in revenue for In-Home Care	2,106	-
Recovery of Negotiation Preparedness	(36)	-
Recovery of Special Needs	(258)	-
Recovery of Prevention Projects	(1,672)	-
Deferred funding in Basic Needs	(3,733)	-
Deferred funding in Special Needs	(3,265)	-
Deferred funding in Home Care	(10,506)	-
Deferred funding in Wastewater	(160,844)	-
Deferred funding in Band Employee Benefits	-	(1,605)
Deferred funding in In-Home Care	-	(2,106)
Reimbursement in Basic Needs (2015-16)	-	(6,929)
Anticipated reimbursement in Basic Needs (2017-18)	-	2,354
Anticipated reimbursement in Special Needs (2017-18)	-	371
	535,341	532,636

16. Segments

During the year, the First Nation had eight reportable segments. These segments are differentiated by factors such as major activities, service lines, accountability and control relationships. For management and reporting purposes, the revenues, expenses and surpluses or deficits are organized by the following segments:

Administration:

This segment includes general operations, support and financial management of the First Nation.

Community:

This segment includes revenues and expenses from dealing with the management of land, Fisheries and Oceans Canada, as well as other functions which benefit the community at large.

Community Infrastructure:

This segment includes revenues and expenses associated with the maintenance of roads, water and waste.

Economic Development:

This segment includes activities related to the growth of revenue producing projects within the First Nation.

Education:

This segment includes revenues and expenses relating to the primary, secondary and post-secondary education of the members of the First Nation.

Health:

This segment includes activities related to the provision of health services within the First Nation.

Housing:

This segment includes activities related to the provision of housing within the First Nation.

Social Services:

This segment includes revenues and expenses relating to child care, foster care, other family services and social assistance of the members of the First Nation.

17. Budget information

The disclosed budget information has been approved by the Chief and Council of the Qualicum First Nation. The original budget was approved at the Chief and Council meeting held on August 8, 2018.

Qualicum First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

18. Comparative figures

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

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

	<i>Graveyard</i>	<i>Buildings and improvements</i>	<i>Vehicles and equipment</i>	<i>Band housing</i>	<i>Computer hardware and software</i>	<i>Roads and streets</i>	<i>Water, sanitary and storm</i>	<i>2019</i>	<i>2018</i>
<hr/>									
Cost									
Balance, beginning of year	60,750	1,860,462	510,245	1,279,659	56,898	175,922	504,290	4,448,226	3,907,044
Acquisition of tangible capital assets	-	603,770	96,635	-	-	-	11,155	711,560	570,112
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	(28,930)
Balance, end of year	60,750	2,464,232	606,880	1,279,659	56,898	175,922	515,445	5,159,786	4,448,226
<hr/>									
Accumulated amortization									
Balance, beginning of year	-	689,417	443,772	453,838	40,048	96,195	324,876	2,048,146	1,950,440
Annual amortization	-	76,789	20,812	41,757	7,638	6,378	12,206	165,580	126,636
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	(28,930)
Balance, end of year	-	766,206	464,584	495,595	47,686	102,573	337,082	2,213,726	2,048,146
<hr/>									
Net book value of tangible capital assets	60,750	1,698,026	142,296	784,064	9,212	73,349	178,363	2,946,060	2,400,080
Net book value of tangible capital assets - 2018	60,750	1,171,045	66,473	825,821	16,850	79,727	179,414	2,400,080	

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

	2019 <i>Budget</i> <i>(Note 17)</i>	2019	2018
Consolidated expenses by object			
Administration (recovery)	-	(13,686)	960
Advertising	2,800	5,614	1,418
Amortization	165,454	165,580	126,636
Bad debts	-	59,209	22,686
Bank charges and interest	18,571	24,785	14,819
Basic needs	27,612	32,696	19,155
Board travel, training and honouraria	-	1,850	-
CMHC subsidies	-	-	500
Community donations	-	150	900
Contracted services	205,216	257,368	150,069
Daycare	-	34,261	2,183
Education and living allowances	30,200	18,800	14,145
Elections	6,000	5,950	-
Family support services	10,223	16,475	706
Food and beverage	43,016	38,933	25,283
Furniture and equipment	1,080	3,118	2,498
Home and community care	3,000	714	2,412
Honouraria	1,200	-	350
Insurance	29,350	29,846	30,455
Licences, dues and fees	5,900	4,806	2,121
Materials	85,130	126,365	92,290
Nursing	35,124	23,160	44,364
Office supplies and services	17,583	11,041	20,398
Professional fees	19,200	37,879	21,113
Recreation	26,003	45,516	31,123
Rent	9,000	23,936	15,052
Repairs and maintenance	27,677	53,961	140,439
Salaries and benefits	772,550	759,938	497,633
Shelter	5,100	10,000	3,825
Special needs	-	-	359
Student expenses	23,336	379	4,580
Supplies	104,415	220,018	138,728
Telephone	18,000	9,001	8,456
Training	8,380	995	394
Travel	40,214	61,622	45,231
Treatment facilities	40,000	-	20,660
Tuition	36,000	13,182	9,651
Utilities	62,706	116,511	78,113
	1,880,040	2,199,973	1,589,705

Qualicum First Nation

Administration

Schedule 3 - Consolidated Schedule of Revenue and Expenses and Surplus

For the year ended March 31, 2019

	2019 Budget (Note 17)	2019	2018
Revenue			
Indigenous Services Canada	131,820	127,984	133,260
Cigarette sales	96,000	121,456	87,220
Coast Salish Employment and Training Society	7,400	33,890	22,277
Other revenue	220,000	32,475	28,504
Interest income	-	17,684	12,211
ISC Trust Fund interest revenue and contributions	-	1,942	757
Rental income	-	747	611
	455,220	336,178	284,840
Expenses			
Administration (recovery)	(98,989)	(135,068)	-
Amortization	23,908	31,714	30,819
Bad debts (recovery)	-	(217)	-
Bank charges and interest	1,800	6,217	2,130
Community donations	-	50	50
Contracted services	-	2,379	13,440
Education and living allowances	-	-	800
Elections	6,000	5,950	-
Food and beverage	3,000	2,326	1,137
Furniture and equipment	1,080	3,118	716
Insurance	12,000	9,909	11,115
Licences, dues and fees	600	3,300	412
Materials	76,800	113,354	76,106
Office supplies and services	11,783	5,177	5,100
Professional fees	19,200	30,009	7,810
Recreation	-	375	-
Repairs and maintenance	600	1,473	658
Salaries and benefits	153,335	198,965	82,906
Student expenses	-	-	1,095
Supplies	2,625	9,307	5,082
Telephone	9,000	5,509	4,340
Training	-	900	86
Travel	7,200	17,895	14,266
Utilities	3,000	22,895	3,617
	232,942	335,537	261,685
Annual surplus	222,278	641	23,155

Qualicum First Nation
Community
Schedule 4 - Consolidated Schedule of Revenue and Expenses and Surplus
For the year ended March 31, 2019

	2019 Budget (Note 17)	2019	2018
Revenue			
Fisheries and Oceans Canada	60,000	60,000	60,000
Province of British Columbia	35,000	35,000	35,000
Indigenous Services Canada (recovery)	-	(36)	-
Other revenue	6,000	77,000	11,700
Fish revenue	70,000	68,660	41,202
	171,000	240,624	147,902
Expenses			
Administration	9,922	10,506	-
Amortization	5,669	614	1,362
Bank charges and interest	-	-	419
Contracted services	3,600	26,510	14,532
Food and beverage	1,600	18,032	6,177
Furniture and equipment	-	-	518
Insurance	4,500	3,738	4,671
Licences, dues and fees	-	-	113
Office supplies and services	-	178	1,057
Professional fees	-	-	1,695
Repairs and maintenance	3,600	899	11,721
Salaries and benefits	81,122	50,177	42,749
Supplies	1,489	1,668	5,808
Telephone	-	275	181
Training	-	-	32
Travel	3,300	3,822	3,444
Tuition	-	-	923
Utilities	-	-	1,848
	114,802	116,419	97,250
Annual surplus	56,198	124,205	50,652

Qualicum First Nation
Community Infrastructure
Schedule 5 - Consolidated Schedule of Revenue and Expenses and Deficit
For the year ended March 31, 2019

	2019 Budget (Note 17)	2019	2018
Revenue			
Indigenous Services Canada	28,885	70,660	37,895
Recovery of prior year funding	-	-	(4,000)
	28,885	70,660	33,895
Expenses			
Amortization	3,633	9,562	9,730
Bad debts	-	8,110	-
Bank charges and interest	-	-	10
Contracted services	-	36,361	5,185
Insurance	4,450	3,750	3,661
Repairs and maintenance	6,057	1,708	4,460
Salaries and benefits	2,461	2,800	3,188
Supplies	453	2,827	1,779
Training	1,260	-	-
Travel	574	-	186
Utilities	23,382	29,741	27,974
	42,270	94,859	56,173
Annual deficit	(13,385)	(24,199)	(22,278)

Qualicum First Nation
Economic Development
Schedule 6 - Consolidated Schedule of Revenue and Expenses and Surplus
For the year ended March 31, 2019

	2019 Budget (Note 17)	2019	2018
Revenue			
Province of British Columbia	411,980	346,999	104,634
First Nations Health Authority	-	183,215	-
Indigenous Services Canada	7,500	10,000	10,000
Daycare	396,608	522,174	397,683
Campsite	310,132	403,967	345,952
Earnings from investment in First Nation business entities	-	393,840	245,182
Other revenue	209,874	64,693	8,800
Coast Salish Employment and Training Society	22,277	6,000	4,900
Interest income	-	3,728	-
	1,358,371	1,934,616	1,117,151
Expenses			
Administration	64,693	77,095	-
Advertising	2,800	5,614	1,418
Amortization	72,322	68,823	25,142
Bad debts	-	26,914	-
Bank charges and interest	14,071	18,138	9,059
Community donations	-	100	-
Contracted services	42,996	44,832	46,431
Daycare	-	2,261	2,183
Education and living allowances	3,000	-	20
Food and beverage	23,400	10,506	5,515
Furniture and equipment	-	-	775
Home and community care	-	-	20
Honoraria	1,200	-	200
Insurance	3,000	7,219	5,277
Licences, dues and fees	300	711	629
Materials	8,330	13,011	16,184
Office supplies and services	1,800	1,471	3,132
Professional fees	-	-	6,188
Recreation	4,125	9,119	12,186
Rent	9,000	18,406	14,842
Repairs and maintenance	8,400	25,762	13,460
Salaries and benefits	365,875	395,685	255,677
Supplies	36,970	81,260	48,420
Telephone	9,000	3,218	3,494
Training	2,400	95	188
Travel	10,500	12,339	12,165
Utilities	22,772	37,602	22,175
	706,954	860,181	504,780
Annual surplus	651,417	1,074,435	612,371

Qualicum First Nation

Education

Schedule 7 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2019

	2019 Budget (Note 17)	2019	2018
Revenue			
Indigenous Services Canada	114,948	70,573	121,262
First Nation Education Steering Committee	50,339	39,174	4,101
New Relationship Trust	5,000	5,600	7,000
Other revenue	3,039	-	20,153
	173,326	115,347	152,516
Expenses			
Administration	16,424	10,718	960
Amortization	7,556	3,235	5,595
Board travel, training and honouraria	-	1,850	-
Contracted services	10,592	6,700	22,600
Education and living allowances	27,200	18,800	13,325
Food and beverage	1,000	-	769
Licences, dues and fees	5,000	-	15
Office supplies and services	4,000	1,220	8,652
Professional fees	-	7,870	-
Recreation	479	4,730	4,800
Salaries and benefits	62,872	44,307	17,626
Student expenses	20,411	379	3,125
Supplies	4,000	9,169	7,856
Travel	7,400	8,654	2,378
Tuition	36,000	13,182	8,728
Training	225	-	-
	203,159	130,814	96,429
Annual surplus (deficit)	(29,833)	(15,467)	56,087

Qualicum First Nation

Health

Schedule 8 - Consolidated Schedule of Revenue and Expenses and Surplus

For the year ended March 31, 2019

	2019 Budget (Note 17)	2019	2018
Revenue			
First Nations Health Authority	325,956	423,661	274,505
Indigenous Services Canada	23,391	22,854	23,397
Other revenue	-	66	2,152
	349,347	446,581	300,054
Expenses			
Administration	7,950	6,396	-
Amortization	7,753	7,020	7,664
Bank charges and interest	-	-	1,121
Community donations	-	-	100
Contracted services	27,753	51,469	26,750
Daycare	-	20,000	-
Family support services	10,223	16,475	706
Food and beverage	14,016	8,069	11,685
Furniture and equipment	-	-	489
Home and community care	3,000	714	2,392
Honoraria	-	-	150
Licences, dues and fees	-	795	427
Nursing	35,124	23,160	44,364
Office supplies and services	-	-	2,457
Professional fees	-	-	5,420
Recreation	21,399	31,293	14,137
Rent	-	-	210
Repairs and maintenance	3,020	6,827	4,078
Salaries and benefits	82,588	56,960	72,556
Student expenses	2,400	-	360
Supplies	50,453	66,313	36,543
Telephone	-	-	442
Training	-	-	87
Travel	11,240	18,412	12,272
Treatment facilities	40,000	-	20,660
Utilities	-	5,612	5,480
	316,919	319,515	270,550
Annual surplus	32,428	127,066	29,504

Qualicum First Nation
Housing
Schedule 9 - Consolidated Schedule of Revenue and Expenses and Deficit
For the year ended March 31, 2019

	2019 Budget (Note 17)	2019	2018
Revenue			
Indigenous Services Canada	127,758	139,458	122,315
Rental income	51,000	47,150	56,217
	178,758	186,608	178,532
Expenses			
Administration	-	16,667	-
Amortization	44,613	44,612	46,324
Bad debts	-	24,402	22,686
Bank charges and interest	2,700	431	2,031
CMHC subsidies	-	-	500
Contracted services	120,275	89,118	18,392
Insurance	5,400	4,954	5,073
Licences, dues and fees	-	-	525
Repairs and maintenance	6,000	17,290	101,996
Salaries and benefits	15,763	1,085	140
Supplies	4,800	43,295	21,488
Training	4,495	-	-
Utilities	6,100	6,471	5,182
	210,146	248,325	224,337
Annual deficit	(31,388)	(61,717)	(45,805)

Qualicum First Nation
Social Services
Schedule 10 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)
For the year ended March 31, 2019

	2019 Budget (Note 17)	2019	2018
Revenue			
Indigenous Services Canada	66,905	93,848	78,502
Expenses			
Bank charges and interest	-	-	52
Basic needs	27,612	32,696	19,155
Community donations	-	-	750
Contracted services	-	-	2,738
Daycare	-	12,000	-
Insurance	-	274	658
Office supplies and services	-	2,994	-
Rent	-	5,530	-
Repairs and maintenance	-	-	4,066
Salaries and benefits	8,534	9,960	22,791
Shelter	5,100	10,000	3,825
Special needs	-	-	359
Student expenses	525	-	-
Supplies	3,625	6,179	11,750
Travel	-	500	520
Utilities	7,452	14,190	11,837
	52,848	94,323	78,501
Annual surplus (deficit)	14,057	(475)	1