

SONGHEES NATION
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended MARCH 31, 2018

Brynjolfson & Company
Chartered Professional Accountant

**SONGHEES NATION
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MARCH 31, 2018**

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SONGHEES NATION
1100 Admirals Road
Victoria, B.C.
V9A 2P6

Management's Statement of Responsibility

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

The consolidated 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 Chartered Professional Accountants of 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 consolidated 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 consolidated financial statements. The external auditors have full and free access to financial management of Songhees Nations and meet when required.

On behalf of Songhees Nation:



Executive Director

DATE 9/28/18



Brynjolfson & Co.
Chartered Professional Accountant

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Victoria, B.C. V8X 4N9
(Tel: 250-727-7169)
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INDEPENDENT AUDITOR'S REPORT

To the Members of
Songhees Nation:

I have audited the accompanying consolidated financial statements of the Songhees Nation, which comprises the consolidated statement of financial position as at March 31, 2018, and the consolidated statement of operations, consolidated statement of change in financial assets (net debt), and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion



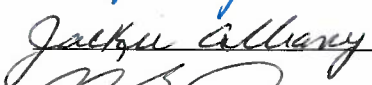

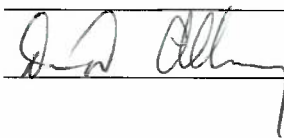
In my opinion, the consolidated financial statements present fairly, in all materials respects, the financial position of Songhees Nation as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Brynjolfson & Co.

Chartered Professional Accountant

September 27, 2018
Victoria, BC

SONGHEES NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2018

	2018	2017
	Actual	Actual
	\$	\$
Financial assets		
Cash	3,562,064	3,407,210
Cash – Restricted, Note 8	296,924	290,422
Accounts receivable, Note 12	24,314,668	1,506,670
Related parties receivable, Note 17	2,990,392	275,716
Investments, Note 14	2,974,262	2,266,084
Trust funds, Note 5 (a)	<u>13,872</u>	<u>15,200</u>
	<u>34,152,182</u>	<u>7,761,302</u>
Liabilities		
Accounts payable and accrued liabilities, Note 13	9,506,416	2,029,496
Deferred revenue	-	110,612
Reserves	1,354,453	1,334,224
Debt, Note 6	<u>21,623,895</u>	<u>18,462,527</u>
	<u>32,484,764</u>	<u>21,936,859</u>
Net financial assets (net debt)	1,667,418	(14,175,557)
Non-financial assets		
Tangible capital assets - Note 4	30,561,154	31,130,992
Inventory	59,001	46,192
Prepaid expenses	<u>527,149</u>	<u>192,904</u>
	<u>31,147,304</u>	<u>31,370,088</u>
Accumulated surplus, Note 9	<u>32,814,722</u>	<u>17,194,531</u>
 Approved by:		
 Chief	 Councillor	
 Councillor		Councillor
 Councillor	 Councillor	Councillor
_____ Senior Finance Officer	_____ Chair, Finance & Audit Committee	

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

SONGHEES NATION
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended March 31, 2018

	<u>Budget</u>	<u>2018</u>	<u>2017</u>
REVENUES			
Indigenous and Northern Affairs Canada	\$ 3,047,683	\$ 3,047,683	\$2,819,141
FNHA	339,172	339,172	327,146
Canada Mortgage and Housing Corporation Subsidy	41,186	41,627	63,687
CSETS	138,717	138,717	110,681
Local revenue account (property taxation)	1,309,824	1,211,228	1,275,535
FNGST	1,200,000	1,330,240	1,403,425
Settlement funds, Note 11	-	24,500,000	-
Other/recoveries	<u>2,827,596</u>	<u>3,900,446</u>	<u>3,779,090</u>
	<u>8,904,178</u>	<u>34,509,113</u>	<u>9,778,705</u>
EXPENSES			
Governance and Administration	532,443	973,215	956,889
Lands Management	330,599	302,631	379,746
Infrastructure and Public Works	710,540	963,120	263,074
Education	1,974,549	2,357,178	1,971,966
Health	429,706	591,070	475,622
Band Generated	2,921,531	12,269,965	2,952,463
JBVT & Lekwungen Harvesters	-	-	(53,277)
Social Development	334,180	233,122	214,051
Treaty	-	-	(8,180)
Property Taxation and By-Laws	1,309,824	1,289,560	1,371,972
Social Housing Program	189,536	72,037	150,125
Ottawa Trust Fund	-	-	-
	<u>8,732,908</u>	<u>19,051,898</u>	<u>8,674,451</u>
ANNUAL SURPLUS BEFORE OTHER	<u>171,270</u>	15,457,215	1,104,254
OTHER			
Transfer contributed surplus		38,173	(375,403)
Transfers Trusts/ Reserves		<u>124,803</u>	<u>235,107</u>
ANNUAL SURPLUS		15,620,191	963,958
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>17,194,531</u>	<u>16,230,573</u>
ACCUMULATED SURPLUS, ENDING		<u>\$32,814,722</u>	<u>\$17,194,531</u>

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

SONGHEES NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
For the year ended March 31, 2018

	2018 Actual \$	2017 Actual \$
Annual surplus (deficit) - operations	15,457,215	1,104,254
- other (contributed surplus/trusts/reserves)	162,976	(140,296)
Acquisition of tangible capital assets	(461,717)	(2,000)
Amortization of tangible capital assets charged against Capital Fund and Social Housing Fund	423,544	439,777
Amortization of tangible capital assets charged against Operations Fund	<u>608,011</u>	<u>482,301</u>
	<u>16,190,029</u>	<u>1,884,036</u>
Acquisition of prepaid expenses	(527,149)	(192,904)
Use of prepaid expense	192,904	99,984
Acquisition of inventory	(59,001)	(46,192)
Use of inventory	<u>46,192</u>	<u>37,705</u>
Change in Net Financial Assets/Net Debt	15,842,975	1,782,629
Net Debt, beginning of year	<u>(14,175,557)</u>	<u>(15,958,186)</u>
Net Financial Assets (Net Debt), end of year	<u>1,667,418</u>	<u>(14,175,557)</u>

Note: 2018 budget figures are not available.

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

SONGHEES NATION
CONSOLIDATED STATEMENT OF CASH FLOW
For the Year Ended March 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 15,457,215	\$ 1,104,254
Items not requiring a current outlay of cash:		
- Amortization	1,031,555	922,078
Change in non-cash items:		
- (Increase) decrease in restricted cash	(6,502)	(89,488)
- (Increase) decrease in trust funds	1,328	(1,330)
- (Increase) decrease in accounts receivable	(25,522,674)	(863)
- (Increase) decrease in prepaid expenses	(334,245)	(92,920)
- (Increase) decrease in inventory	(12,809)	(8,487)
- Increase (decrease) in accounts payable	7,476,920	(887,158)
- Increase (decrease) in reserves	20,229	28,918
- Increase (decrease) in deferred revenue	<u>(110,612)</u>	<u>110,612</u>
	<u>(1,999,595)</u>	<u>1,085,616</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	<u>(461,717)</u>	<u>(2,000)</u>
FINANCING ACTIVITIES		
Increase (decrease) in contributed surplus	38,172	(375,403)
Increase (repayment) of long-term debt	<u>3,161,368</u>	<u>(525,479)</u>
	<u>3,199,540</u>	<u>(900,882)</u>
INVESTING ACTIVITIES		
Increase (decrease) in local revenue funds	124,804	235,106
(Increase) decrease of investments	<u>(708,178)</u>	<u>(19,267)</u>
	<u>(583,374)</u>	<u>215,839</u>
INCREASE (DECREASE) IN CASH DURING YEAR	154,854	398,573
CASH – Beginning of year	<u>3,407,210</u>	<u>3,008,637</u>
CASH – End of year	<u>\$3,562,064</u>	<u>\$ 3,407,210</u>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial state

SONGHEES NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

1. NATURE OF OPERATIONS

Songhees Nation is a First Nation Government, recognized as an Indian Band under the *Indian Act*. The Nation provides programs and services for the benefit of the Songhees People and protects the Nation's financial, land and resource assets as well as exerting Aboriginal and treaty rights and pursuing economic development.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards for government entities as recommended by the Public Sector Accounting Board of CPA Canada.

a) Reporting Entity

The First Nation reporting entity includes the Songhees Nation government and all related entities that are either owned or controlled by the First Nation. Control is defined as the power to govern the financial and operating policies of another organization, with the accompanying benefits or the risk of loss to the government from the other organization's activities. Control exists whether or not it is exercised by the government which holds it.

b) 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 (GBE) and government business partnerships (GBP), which are accounted for by the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation.

First Nation records its investments in GBE and GBP on the modified equity basis. Under the modified equity basis, the GBE and GBP 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 and GBP 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 and GBP will be reflected as deductions in the investment asset account.

SONGHEES NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

c) 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 provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

d) Cash and Cash Equivalents

Cash includes cash on hand and balances with banks net of bank overdraft.

e) Inventory

Inventories are measured at the lower of cost and net realizable value, with cost being determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

f) 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 include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an on-going basis for producing goods or delivering services.

Tangible capital assets are reported at net book value. When conditions indicate that a tangible capital asset no longer contributes to the ability to provide goods or services, the carrying value of the asset is reduced to reflect the decline in value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artefacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service; interest on debt during construction is capitalized.

SONGHEES NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

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.

h) Amortization

Tangible capital assets are amortized over their expected useful life using the straight-line balance method at the following rates:

General Housing	5%
Buildings and improvements	4%/5%
General equipment	20%
Infrastructure	4%
Docks	5%
Boats	15%
Automotive	30%

In the year of acquisition, 50% of the normal amortization is recorded. Assets acquired through funding contributions are amortized against contributed surplus.

Social Housing assets acquired under CMHC sponsored housing programs are amortized at a rate equivalent to annual principal reduction in related long term debt, as required for CMHC reporting purposes, which is approximately 5%.

i) Net Financial Assets / Net Debt

The First Nation's financial statements are presented so as to highlight net financial assets or net debt as the measurement of financial position. The net financial assets or net debt of the First Nation is determined by its financial assets less its liabilities.

j) 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 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 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.

SONGHEES NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

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

k) Measurement Uncertainty

In preparing financial statements for the government of Songhees Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Significant areas of estimation include allowance for doubtful accounts, estimated useful lives of tangible capital assets, impairment of long-lived assets, accrued liabilities, and disclosure of contingencies. Actual results could differ from those estimates.

l) Financial Instruments

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

SONGHEES NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

3. ECONOMIC DEPENDENCE

The government of Songhees Nation receives a major portion of its revenue from INAC. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

4. TANGIBLE CAPITAL ASSETS

	COST			ACCUMULATED AMORTIZATION				
	Balance beginning of year	Additions	Disposals	Balance end of year	Balance beginning of year	Amortization	Balance end of year	2018 book value
OPERATING								
Float	58,638	-	-	58,638	51,301	2,932	54,233	4,405
Oceangoing canoes	26,405	24,352	-	50,757	26,405	10,151	36,556	14,201
Trailer - triple-wide	102,229	-	-	102,229	96,441	5,112	101,553	676
Trailer - youth centre	56,000	-	-	56,000	32,200	2,800	35,000	21,000
Band owned housing	316,299	-	-	316,299	86,968	15,815	102,783	213,516
Pre-school addition	381,312	-	-	381,312	200,191	19,065	219,256	162,056
Van	19,293	-	-	19,293	19,293	-	19,293	-
Office equipment	115,082	83,057	-	198,139	115,082	39,628	154,710	43,429
Leasehold improvements	-	155,468	-	155,468	-	37,767	37,767	117,701
Properties	3,245,422	-	-	3,245,422	-	-	-	3,245,422
	4,320,680	262,877	-	4,583,557	627,881	133,270	761,151	3,822,406
LOCAL REVENUE								
Infrastructure	583,766	-	-	583,766	280,206	23,351	303,557	280,209
Building	94,290	-	-	94,290	59,108	4,715	63,823	30,467
Playground	97,600	-	-	97,600	59,780	4,880	64,660	32,940
Tractor/backhoe	69,000	-	-	69,000	69,000	-	69,000	-
Trailer	182,572	-	-	182,572	137,051	9,129	146,180	36,392
Truck	30,424	-	-	30,424	30,424	-	30,424	-
General equipment	39,535	-	-	39,535	39,535	-	39,535	-
Boat	9,000	-	-	9,000	7,650	1,350	9,000	-
	1,106,187	-	-	1,106,187	682,754	43,425	726,179	380,008
CMHC HOUSING	1,456,690	-	-	1,456,690	632,450	62,889	695,339	761,351
WELLNESS CENTRE								
Building	27,064,889	-	-	27,064,889	1,623,894	541,297	2,165,191	24,899,698
Equipment and fixtures	1,054,528	198,841	-	1,253,369	632,717	250,674	883,391	369,978
Artwork	120,275	-	-	120,275	-	-	-	120,275
Carvings	207,439	-	-	207,439	-	-	-	207,439
	28,447,131	198,841	-	28,645,972	2,256,611	791,971	3,048,582	25,597,390
TOTALS	35,330,688	461,718	-	35,792,406	4,199,696	1,031,555	5,231,251	30,561,155

SONGHEES NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

5. TRUST FUNDS

a) Ottawa Trust Fund and Highway Burning Trust Fund

The Ottawa Trust Accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

	<u>Opening Balance</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2018</u>	<u>2017</u>
Revenue	1,333	1,329	2,657	5	1,333
Capital	<u>219</u>	<u>-</u>	<u>-</u>	<u>219</u>	<u>219</u>
Fund Total	<u>1,552</u>	<u>1,329</u>	<u>2,657</u>	<u>224</u>	<u>1,552</u>

The Highway Burning Trust Fund is a fund being jointly held by Songhees Nation and Esquimalt Nation. Only Songhees Nation's portion is reflected on the financial statements.

	<u>13,648</u>	<u>13,648</u>
Total	<u>13,872</u>	<u>15,200</u>

b) James Bay Village Trust Fund consist of funds received for the James Bay Settlement, being held in trust; the Nation has appointed an independent Trust Corporation to act as a third Trustee as well as to administer the Trust and maintain the records. This trust fund has not been included in the consolidated financial statements and has not been included as part of the operations of the Nation. The trust fund balance as at March 31, 2018 is \$9,416,813 (2017 – balance \$9,802,587).

6. DEBT

	<u>2018</u>	<u>2017</u>
Fixed rate business mortgage, from Van City Credit Union, \$13,500,000, repayable monthly \$69,910 blended at 3.85%, secured by own source revenue (currently FN GST)	12,069,073	12,439,237

SONGHEES NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

	<u>2018</u>	<u>2017</u>
Promissory Note payable to First Nations Finance Authority, repayable yearly at \$93,857 principal, plus interest at 3.79%, payments commencing June 26, 2015, amortized over 30 years; the promissory note has a term of ten (10) years, expiring June 26, 2024.	4,891,831	4,996,393
Interim financing payable to First Nations Finance Authority, interest only at 3.35%	3,753,000	-
Loan payable, All Nations Trust, on the housing unit located at #5 Maple Bank Songhees Nation, secured by ministerial guarantee from INAC, repayable @ \$983 per month, interest at 5.25 %	148,640	152,656
Canada Mortgage and Housing Corporation Mortgages, secured by ministerial guarantees from INAC and first mortgages on twenty-four housing units.		
- Loan #153-52495002, repayable @ \$1,379 per month, including interest at 1.62%, matures Feb. 1, 2020	31,280	47,200
- Loan #193-62409001, repayable @ \$1,534 per month, including interest at 1.82%, matures Aug. 1, 2029	189,953	204,796
- Loan #193-62409002 repayable @ \$3,420 per month, including interest at 1.53%, matures Nov. 1, 2032	540,118	572,245
Loan payable, Greater Victoria Harbor Authority, non-interest bearing – current portion	-	<u>50,000</u>
	<u>\$ 21,623,895</u>	<u>\$18,462,527</u>

Principal repayments required over the next five years:

2019 - \$499,691	2022 - \$483,125
2020 - \$464,593	2023 - \$501,107
2021 - \$466,046	

SONGHEES NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

7. 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) Subsidy Surplus Reserve

Under the terms of the agreement with CMHC, express federal assistance payments received may be retained in a subsidy surplus reserve up to a maximum of \$500 per unit. These funds, along with accumulated interest, must be held in a separate bank account. The funds in this account may only be used to meet future subsidy requirements.

c) 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.

8. RESTRICTED CASH

	<u>2018</u>	<u>2017</u>
Comprised of the following		
CMHC reserve funds	<u>\$296,924</u>	<u>\$290,422</u>

9. ACCUMULATED SURPLUS

	<u>2018</u>	<u>2017</u>
Represented by:		
Operations	17,199,728	1,742,512
Trust Funds	13,648	13,648
Local Revenue (Property Taxation)	2,951,358	2,826,555
Tangible Capital Asset Fund	<u>12,649,988</u>	<u>12,611,816</u>
	<u>32,814,722</u>	<u>17,194,531</u>

SONGHEES NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

10. CONTINGENT LIABILITIES

- a) Restricted (set) unexpended surpluses can be recovered by the funding agency.
- b) The Nation has Ministerial Guarantees for loan balances outstanding. The contingent liability as at year-end amounts to \$1,005,957 as per confirmation provided by Indigenous and Northern Affairs Canada.

11. SETTLEMENT FUNDS

- a) The Nation successfully completed a law suit against the government of Canada claiming damages for breach of treaty rights. The action resulted in a substantial judgment in favor of the Nation in the amount of \$24,500,000.

12. ACCOUNTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Due from settlement (net)	22,914,549	-
Property taxation	272,009	399,194
Housing	326,800	320,071
Salish Sea Industrial Services Ltd	-	350,000
Other	<u>801,310</u>	<u>437,405</u>
	<u>\$ 24,314,668</u>	<u>\$1,506,670</u>

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2018</u>	<u>2017</u>
Trade	308,228	158,329
INAC – funding recoveries	222,489	-
Settlement – membership & trust	5,817,147	-
Lands rent trust account	523,315	601,492
JBVT	1,104,791	1,110,671
Other	<u>1,530,446</u>	<u>159,004</u>
	<u>\$ 9,506,416</u>	<u>\$2,029,496</u>

SONGHEES NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

14. INVESTMENT IN FIRST NATION CONTROLLED ENTITIES

	<u>2018</u>	<u>2017</u>
Lekwungen Development Corp. (unaudited):		
- advances	105,551	99,728
- membership equity	<u>36,377</u>	<u>37,985</u>
Total	<u>141,928</u>	<u>137,713</u>

Unaudited financial information for the year ended March 31, 2018 is as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Expenses</u>	Net profit (Loss)
Year ended March 31, 2018	\$ <u>202,150</u>	\$ <u>113,368</u>	\$ -	\$ <u>1,608</u>	\$(<u>1,608</u>)

	<u>2018</u>	<u>2017</u>
Songhees Nation Investment Corp.		
- advances	2,884,841	175,887
- share capital	1	1
- equity (net assets)	<u>2,932,995</u>	<u>3,018,141</u>
Total	<u>5,817,837</u>	<u>3,194,029</u>

Financial information for the fiscal year ended March 31, 2018 prepared from financial statements is as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Expenses</u>	Net Profit (Loss)
Year ended March 31, 2018	\$ <u>5,946,362</u>	\$ <u>3,013,367</u>	\$ <u>156,590</u>	\$ <u>241,735</u>	\$(<u>85,145</u>)

Songhees Tours Inc.

The company was incorporated on July, 2017 and commenced operations April 1, 2018.

Songhees Seafood and Steam Ltd.

The company was incorporated on August 31, 2015 and commenced operations April 1, 2018.

SONGHEES NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

15. SUBSEQUENT EVENT

Songhees Nation was awarded \$4,908,750 pursuant to a Benefits Agreement regarding disposition of property in Victoria, B.C.

16. EXPENSES BY OBJECT

	<u>Budget</u>	<u>2018</u>
Wages and benefits	\$ 2,271,040	\$ 1,981,821
Administration and overhead	159,431	408,269
Contract services	907,659	736,742
Debt servicing	794,781	714,813
Education & training	1,297,750	1,620,951
Grants and income assistance	427,273	6,235,539
Materials and equipment	1,274,539	733,980
Other	1,427,435	2,929,115
Professional fees	<u>173,000</u>	<u>3,690,668</u>
	<u>\$ 8,732,908</u>	<u>\$19,051,898</u>

17. RELATED PARTIES RECEIVABLE

	<u>2018</u>	<u>2017</u>
Songhees Nation Investment Corporation	2,884,841	176,988
Lekwungen Development Corporation	<u>105,551</u>	<u>98,728</u>
	<u>2,990,392</u>	<u>\$275,716</u>

Advances due from related parties are without interest and have no fixed terms of repayment.

18. SEGMENTED DISCLOSURE

Songhees First Nation
Schedule of Segmented Operations
For the year ended March 31, 2018
2018

FOR THE YEAR ENDED MARCH 31, 2018

	Admin.	Lands	Public Works	Education	Health	Band Funds	Social Dev.	Local Revenue (Taxation)	CMHC Housing	Ottawa Trust Fund	TOTAL	TOTAL
Revenue												
INAC	364,075	204,536	239,801	1,627,131	39,591	225,717	346,832	-	-	-	3,047,683	2,819,141
FNHA	-	-	-	-	332,143	-	-	7,029	-	-	339,172	327,146
CMHC	-	-	-	-	-	-	-	-	41,627	-	41,627	63,687
CSETS	-	-	-	138,717	-	-	-	-	-	-	138,717	110,681
Local Revenue (Taxation)	-	-	-	-	-	-	-	1,211,228	-	-	1,211,228	1,275,535
FNGST	-	-	-	-	-	1,330,240	-	-	-	-	1,330,240	1,403,425
Other	609,140	121,474	230,861	519,741	199,146	2,288,507	18	50,760	103,288	-	4,122,935	3,816,912
Settlement funds	-	-	-	-	-	24,500,000	-	-	-	-	24,500,000	-
Recoveries	-	-	-	(1,188)	(997)	-	(220,304)	-	-	-	(222,489)	(37,822)
	973,215	326,010	470,662	2,284,401	569,883	28,344,464	126,546	1,269,017	144,915	-	34,509,113	9,778,705
Expenditure												
Salaries and benefits	426,846	161,711	130,102	476,302	269,556	473,746	43,558	-	-	-	1,981,821	1,648,769
Amortization	8,413	-	498,942	-	-	37,767	-	-	62,889	-	608,011	544,675
Direct assistance and grants	-	-	-	-	-	3,812,416	185,309	-	-	-	3,997,725	161,780
Debt Servicing	20,355	46,00	668,262	-	-	12,678	-	-	13,472	-	714,813	700,849
Professional fees	143,752	145,597	104,208	-	3,570	3,290,461	-	-	3,080	-	3,690,668	950,134
Local revenue taxation	-	-	-	-	-	-	-	1,012,470	-	-	1,012,470	1,049,224
Reserve fund allocation	-	-	-	-	-	-	-	112,700	20,976	-	133,676	254,727
Tuition and training	13,925	400.00	822.00	1,503,553	90,352	10,357	1,542	-	-	-	1,620,951	1,039,022
Other	422,138	28,516	725,449	392,340	212,572	3,313,916	2,713	-	31,143	-	5,128,787	2,465,567
Department transfers	(62,214)	(33,639)	(1,164,665)	(15,017)	15,020	1,155,648	-	164,390	(59,523)	-	-	-
	973,215	302,631	963,120	2,357,178	591,070	12,106,989	233,122	1,289,560	72,037	-	18,888,922	8,814,747
Annual surplus (deficit)	-	23,379	(492,458)	(72,777)	(21,187)	16,237,475	(106,576)	(20,543)	72,878	-	15,620,191	963,958

**SONGHEES FIRST NATION
RECONCILIATION OF INAC REVENUE FROM
FINANCIAL STATEMENTS TO FUNDING CONFIRMATION
FOR THE YEAR ENDED MARCH 31, 2018**

	<u>2018</u>	<u>2017</u>
INAC Revenue Reconciliation		
INAC Revenue per Consolidated Statement of Operations, page 4	3,047,683	2,856,963
Less: INAC funding adjustments	_____ -	<u>(37,822)</u>
Balance per Consolidated Statement of Operations, page 4	3,047,683	2,819,141
Add: Due from INAC	_____ -	<u>191</u>
Net Budget per INAC Funding Confirmation	<u>3,047,683</u>	<u>2,819,332</u>