

PACHEEDAHT FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

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CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

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PACHEEDAHT FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2020

The accompanying consolidated financial statements of Pacheedaht First Nation are the responsibility of management and have been approved by 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. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

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.

The Council is 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.

The Finance and Audit Committee (the Committee) review the Band's consolidated financial statements and recommends their approval to Council. The Committee meets periodically with management, as well as the external auditors, 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 annual report, consolidated financial statements and the external auditor's report. The Committee also considers, for review by the Council, the engagement of the external auditors.

The external auditors, Reid Hurst Nagy Inc., 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 Pacheedaht First Nation and meet when required.

On behalf of Pacheedaht First Nation:

April Repn
Band Manager

Feb 17/2022
Date

Independent Auditors' Report

To the Members of
Pacheedaht First Nation

Qualified Opinion

We have audited the consolidated financial statements of Pacheedaht First Nation, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2020, and the results of its consolidated operations, its changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with PSAS.

Basis for Qualified Opinion

Pacheedaht First Nation holds investments in Pacheedaht Forestry Limited and Pacheedaht Fisheries Company Inc. (the Enterprises). We were unable to obtain sufficient appropriate audit evidence about the carrying value of the investment in the Enterprises and the share of income (loss) from the Enterprises because the financial records for the Enterprises were unavailable as of the date of this audit report. Accordingly, we were not able to determine whether any adjustment(s) might be necessary to the investment in the Enterprise, the net income (loss) from the investment and the equity in the Enterprises.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 qualified opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 18 of the financial statements, concerning subsequent events. Our opinion is not modified in respect of this matter.

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 PSAB, 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.

Auditors' 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 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 auditors' 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 auditors' 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 Group 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.



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

RICHMOND, B.C.
February 17, 2022

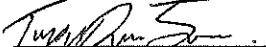
PACHEEDAHT FIRST NATION

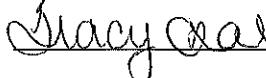
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31	2020	2019
FINANCIAL ASSETS		
Cash	\$ 715,173	\$ 558,284
Trust funds held by federal government (Note 2)	403,284	396,270
Accounts receivable (Note 3)	1,146,746	721,164
Due from related parties (Note 6)	8,661,152	6,397,245
Investments in government business enterprises (Note 7)	4,312,253	4,592,865
Investment in treaty process (Note 8)	-	8,323,360
Inventory	34,460	31,724
	15,273,068	21,020,912
LIABILITIES		
Operating loan (Note 8)	-	228,000
Accounts payable (Note 11)	1,855,468	721,428
Due to related party (Note 12)	129,371	8,522
Long-term debt (Note 13)	3,348,025	11,763,033
	5,332,864	12,720,983
NET FINANCIAL ASSETS	9,940,204	8,299,929
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	10,516,338	10,249,175
Prepaid expenses	-	32,558
	10,516,338	10,281,733
ACCUMULATED SURPLUS	\$ 20,456,542	\$ 18,581,662
ACCUMULATED SURPLUS		
Equity in Operating Fund	\$ 6,799,371	\$ 5,165,047
Equity in Capital Fund	8,776,031	8,342,222
Equity in Ottawa Trust Fund	403,283	396,270
Equity in Enterprise Fund	4,312,145	4,592,867
Equity in First Nation Negotiation Support Agreement	165,712	85,256
ACCUMULATED SURPLUS	\$ 20,456,542	\$ 18,581,662

APPROVED ON BEHALF OF THE PACHEEDAHT FIRST NATION

, Chief

, Councillor

, Councillor

PACHEEDAHT FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

<u>For the year ended March 31</u>	<u>2020</u>	<u>2019</u>
ANNUAL SURPLUS	\$ 1,874,880	\$ 2,250,942
Acquisition of tangible capital assets	(1,010,268)	(458,252)
Amortization of tangible capital assets	732,604	614,760
Disposal of tangible capital assets	10,501	-
	(267,163)	156,508
Acquisition of prepaid asset	8,469	(24,089)
Use of prepaid asset	24,089	-
	32,558	(24,089)
INCREASE IN NET FINANCIAL ASSETS	1,640,275	2,383,364
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	8,299,929	5,916,565
NET FINANCIAL ASSETS AT END OF YEAR	\$ 9,940,204	\$ 8,299,929

PACHEEDAHT FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31	2020	2019
REVENUE		
Indigenous Services Canada	\$ 2,333,511	\$ 1,592,485
Share of income from business entities	1,219,278	2,072,900
Government of Canada	1,143,524	324,785
Gas station	1,085,387	943,891
Department of Fisheries & Oceans	951,013	449,150
First Nations Health Authority	702,140	419,720
Miscellaneous	692,797	362,413
Campground	449,001	397,212
Other revenue	438,553	470,166
Administration fee	120,334	133,042
Province of BC	957,665	875,163
Contract revenue	205,958	1,840,964
Rental	144,835	127,695
First Nations Education Steering Committee	112,056	45,163
Coast Salish Employment & Training Society	83,079	80,187
BC Hydro	57,466	9,526
Commercial fishery license leases	33,680	33,900
Nuu-chah-nulth Economic Development Corporation	-	250,000
Pacific Salmon Foundation	-	97,400
Vessel usage	-	48,000
Inter Tribal Health Authority	-	28,239
	10,730,277	10,602,001
EXPENSES		
Band Programs	1,120,290	904,437
Social Development	328,127	261,983
Community Health Program	640,736	425,975
Education Programs	762,023	746,595
Economic Development and Job Creation	1,222,143	912,632
Commercial Projects	1,903,890	2,827,024
Capital Projects	46,193	-
Strategic Engagement	1,276,335	617,094
Own Source Revenue	221,801	428,874
First Nation Negotiation Support Agreement	601,243	611,687
Capital Fund	732,604	614,758
	8,855,385	8,351,059
ANNUAL SURPLUS	1,874,880	2,250,942
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	18,581,662	16,330,720
ACCUMULATED SURPLUS AT END OF YEAR	\$ 20,456,542	\$ 18,581,662

PACHEEDAHT FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2020	2020	2019
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 1,874,880	\$ 2,250,942
Items not affecting cash		
Amortization	732,604	614,760
Share of (income) loss of government business entities	(1,219,278)	(1,934,324)
	1,388,206	931,378
Change in non-cash operating working capital	678,296	(1,141,727)
	2,066,502	(210,349)
FINANCING ACTIVITIES		
Proceeds from long-term debt	-	1,532,720
Repayment of long-term debt	(91,647)	(164,386)
Advances to related parties	(590,199)	(960,642)
	(681,846)	407,692
INVESTING ACTIVITIES		
Acquisition of tangible capital assets	(1,010,278)	(458,252)
Disposal of tangible capital assets	10,511	-
	(999,767)	(458,252)
INCREASE IN CASH AND CASH EQUIVALENTS	384,889	(260,909)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	330,284	591,193
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 715,173	\$ 330,284
CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:		
Cash	\$ 715,173	\$ 558,284
Operating loan	-	(228,000)
	\$ 715,173	\$ 330,284

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

The Pacheedaht First Nation ("the First Nation") reporting entity includes the Pacheedaht First Nation government and all related entities that are controlled by the First Nation.

(b) Fund Accounting

The Pacheedaht First Nation maintains the following funds and reserves as part of its operations:

- The Operating Fund which reports the general activities of the First Nation administration.
- The Capital Fund which reports the capital assets of the First Nation not included in other funds, together with their related activities.
- The Trust Fund which reports on the trust funds of the First Nation and held by third parties.
- The Treaty Fund reports activities of the treaty negotiating team.
- The Enterprise Fund which reports the First Nation's investment in self-supporting commercial entities.

(c) 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 Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Pacheedaht First Nation'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 Pacheedaht First Nation.

Organizations consolidated in Pacheedaht First Nation's financial statements include:

1. Pacheedaht First Nation Government Administration
2. Pacheedaht First Nation Treaty Negotiation Agreement

Organizations accounted for on a modified equity basis include:

3. Pacheedaht Andersen Timber Holdings Limited Partnership
4. Pacheedaht Holding Corporation
5. Pacheedaht Fishing Company Inc.
6. Pacheedaht Forestry Limited
7. Pacheedaht Enterprises Inc.
8. Salpac Fisheries Limited Partnership
9. San Juan Market Inc.
10. 1155338 BC Ltd.
11. Soule Creek Lodge Ltd.
12. Qala:yit Forestry Limited Partnership
13. 1228426 BC Ltd.

(d) Cash and Cash Equivalents

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

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Revenue Recognition

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.

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.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(f) Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined on a first in, first out basis.

(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.

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

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Land	0% Declining balance
Buildings	10% Declining balance
Community infrastructure	5% Declining balance
Equipment	20% Declining balance
Cable TV System	10% Declining balance
Automotive	20% Declining balance
Computer equipment	20% Declining balance

Tangible capital assets are written down when conditions indicate that they no longer contribute to Pacheedaht 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 consolidated statement of operations.

Contributed 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 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.

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Long-term Debt

Proceeds from long-term debt are recorded as program revenue. Payments of principal and interest are treated as program expenditures. Long-term debt is recorded as a liability on the balance sheet. Reductions of long-term debt are offset with an increase to Equity in Capital Assets. Proceeds and repayment of principal on long-term are eliminated to the Equity in Capital Assets during the consolidation of the financial statements.

(i) Surplus Recoveries and Deficit Funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

(j) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

(k) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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. Actual results could differ from those estimates. The estimates made in these financial statements includes: the useful life of the tangible capital assets, the collectibility of accounts receivable, accrued liabilities and related expenditures.

(l) Liability for contaminated sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) First Nation is directly responsible or accepts responsibility;
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at March 31, 2019 and March 31, 2020, no liability for contaminated site has been recorded.

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(m) Financial Instruments

(i) Measurement of Financial instruments

The First Nation initially measures its financial assets and liabilities at fair value.

The First Nation subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value are not recognized in the statement of operations in the period incurred in accordance with PSAS.

Financial assets measured at amortized cost include cash, accounts receivables, funds held in trust.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The First Nation has not designated any financial asset or financial liability to be measured at fair value.

(ii) Impairment

For financial assets measured at cost or amortized cost, the First Nation Corporation determines whether there are indications of possible impairment. When there is an indication of impairment, and the First Nation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the impairment. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(n) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to 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 assets, prepaid expenses and inventory of supplies.

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

2. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

Ottawa 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	March 31, 2019	Interest income	March 31, 2020
Revenue funds held in trust	\$ 382,977	\$ 7,014	\$ 389,991
Capital funds held in trust	13,293	-	13,293
	\$ 396,270	\$ 7,014	\$ 403,284

3. ACCOUNTS RECEIVABLE

	2020	2019
Indigenous Services Canada	\$ 224,757	\$ 86,845
Government of Canada	472,947	145,870
Department of Fisheries & Oceans	168,136	228,820
Forestry companies	59,955	109,771
Band members	18,286	19,763
BC Hydro	-	11,618
F.N.E.S.C	-	10,555
West Coast Ferry	-	19,152
Miscellaneous	216,300	105,934
	1,160,381	738,328
Allowance for doubtful accounts	(13,635)	(17,164)
	\$ 1,146,746	\$ 721,164

4. RENT RECEIVABLE

	2020	2019
Rent receivable	\$ 478,944	\$ 452,718
Allowance for doubtful accounts	(478,944)	(452,718)
	\$ -	\$ -

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

5. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization				2020 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Land	\$ 4,056,107	\$ -	\$ -	\$ 4,056,107	\$ -	\$ -	\$ -	\$ -	\$ 4,056,107
Buildings	4,925,573	237,063	-	5,162,636	1,980,514	410,435	-	2,390,949	2,771,687
Automotive equipment	278,579	296,695	(91,509)	483,765	224,048	48,427	(81,007)	191,468	292,297
Computer equipment	39,075	-	-	39,075	39,075	-	-	39,075	-
Office equipment	92,540	-	-	92,540	77,971	4,600	-	82,571	9,969
General equipment	309,122	-	-	309,122	152,266	36,666	-	188,932	120,190
Heavy duty equipment	216,621	-	-	216,621	116,965	33,925	-	150,890	65,731
Marine equipment	154,743	290,673	-	445,416	153,440	45,530	-	198,970	246,446
Infrastructure	3,224,636	71,783	-	3,296,419	338,956	153,021	-	491,977	2,804,442
Assets under construction	-	114,055	-	114,055	-	-	-	-	114,055
Computer software	25,414	-	-	25,414	-	-	-	-	25,414
Cable TV system	17,000	-	-	17,000	17,000	-	-	17,000	-
Fishing license	10,000	-	-	10,000	-	-	-	-	10,000
	\$ 13,349,410	\$ 1,010,269	\$ (91,509)	\$ 14,268,170	\$ 3,100,235	\$ 732,604	\$ (81,007)	\$ 3,751,832	\$ 10,516,338

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

	Cost				Accumulated amortization				2019 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Land	\$ 4,056,107	\$ -	\$ -	\$ 4,056,107	\$ -	\$ -	\$ -	\$ -	\$ 4,056,107
Buildings	4,792,820	132,753	-	4,925,573	1,591,771	388,743	-	1,980,514	2,945,059
Automotive equipment	243,451	35,128	-	278,579	196,268	27,780	-	224,048	54,531
Computer equipment	39,075	-	-	39,075	39,075	-	-	39,075	-
Office equipment	92,540	-	-	92,540	73,371	4,600	-	77,971	14,569
General equipment	179,442	129,680	-	309,122	141,393	10,873	-	152,266	156,856
Heavy duty equipment	216,621	-	-	216,621	83,041	33,924	-	116,965	99,656
Marine equipment	154,743	-	-	154,743	150,818	2,622	-	153,440	1,303
Infrastructure	840,008	2,384,628	-	3,224,636	192,738	146,218	-	338,956	2,885,680
Assets under construction	2,249,353	(2,249,353)	-	-	-	-	-	-	-
Buildings	-	25,414	-	25,414	-	-	-	-	25,414
Cable TV system	17,000	-	-	17,000	17,000	-	-	17,000	-
Fishing license	10,000	-	-	10,000	-	-	-	-	10,000
	\$ 12,891,160	\$ 458,250	\$ -	\$ 13,349,410	\$ 2,485,475	\$ 614,760	\$ -	\$ 3,100,235	\$ 10,249,175

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

6. DUE FROM RELATED PARTIES

	2020	2019
Pacheedaht Holding Company	\$ 547,208	\$ 534,063
1155338 BC Ltd.	122,918	116,138
Pacheedaht Forestry Ltd.	3,931,083	3,789,049
Pacheedaht Fishing Company Inc.	329,861	401,174
Salpac Fisheries Limited Partnership	-	26,828
San Juan Market Inc.	1,634,331	1,529,993
Soule Creek Lodge Ltd.	109,660	-
1228426 BC Ltd.	1,986,091	-
	\$ 8,661,152	\$ 6,397,245

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

7. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

	2020	2019
Investment in Pacheedaht Forestry Limited		
Shares (Held in Trust by Pacheedaht Enterprises Inc.)	\$ 100	\$ 100
Accumulated surplus (deficit)	<u>(858,472)</u>	<u>(316,431)</u>
	(858,372)	(316,331)
Investment in Pacheedaht Fishing Company Inc.		
Shares (Held in Trust by Pacheedaht Enterprises Inc.)	100	100
Accumulated retained earnings	<u>12,843</u>	<u>12,843</u>
	12,943	12,943
Investment in Pacheedaht Andersen Timber Holdings Limited Partnership		
Capital account	<u>3,730,260</u>	<u>3,563,794</u>
	3,730,260	3,563,794
Investment in Pacheedaht Enterprises Inc.		
Shares (Held in Trust)	3	3
	3	3
Investment in Salpac Fisheries Limited Partnership		
Capital account	<u>387,829</u>	<u>307,853</u>
	387,829	307,853
Investment in Pacheedaht Holding Corporation		
Long term shareholder loan	369,725	369,725
Shares (Held in Trust by Pacheedaht Trust)	<u>10</u>	<u>10</u>
	369,735	369,735
Investment in San Juan Market Inc.		
Shares (Held in Trust)	1	1
Accumulated deficit	<u>(160,951)</u>	<u>(67,830)</u>
	(160,950)	(67,829)

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2020

7. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES , continued

Investment in Qala:yit Forestry Limited Partnership		
Contribution	161,131	161,131
Accumulated surplus	698,188	582,600
	<hr/>	<hr/>
	859,319	743,731
Investment in 1155338 BC		
Shares	1	1
Accumulated deficit	(22,815)	(21,035)
	<hr/>	<hr/>
	(22,814)	(21,034)
Investment in Soule Creek Lodge Ltd.		
Shares	1	-
Accumulated deficit	(5,811)	-
	<hr/>	<hr/>
	(5,810)	-
Investment in BCFN GP	110	-
	<hr/>	<hr/>
	\$ 4,312,253	\$ 4,592,865

8. DEMAND LOAN

Demand operating loans have been authorized by TD Commercial Banking a maximum of \$239,000 in Canadian dollars and bears interest at the Bank's prime lending rate at 3.95% per annum.

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

9. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

Commercial enterprises are those organizations that meet the definition of government business enterprises as described by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

(i) Year end dated March 31, 2020

(ii) Year end dated December 31, 2019

The Nation holds 49.5% interest each in Pacheedaht Andersen Timber Holdings Limited Partnership and Qala:yit Forestry Limited Partnership.

	Pacheedaht Andersen Timber Holdings LP (ii)	Salpac Fisheries Limited Partnership (i)	Pacheedaht Holding Corporation (i)	Pacheedaht Forestry Limited (ii)	Pacheedaht Enterprises Inc. (ii)
Current assets	\$ 6,535,936	\$ 542,861	\$ 46	\$ 921,044	\$ -
Non-current assets	2,860,373	305,020	916,270	2,261,162	-
Total assets	\$ 9,396,309	\$ 847,881	\$ 916,316	\$ 3,182,206	\$ -
Current liabilities	\$ 1,701,802	\$ 40,878	\$ -	\$ 19,756	\$ -
Non-current liabilities	158,629	30,000	916,306	4,020,621	-
Total liabilities	1,860,431	70,878	916,306	4,040,377	-
Equity	7,535,878	777,003	10	(858,171)	-
Total liabilities and equity	\$ 9,396,309	\$ 847,881	\$ 916,316	\$ 3,182,206	\$ -

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

9. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES, continued

	Pacheedaht Andersen Timber Holdings LP (ii)	Salpac Fisheries Limited Partnership (i)	Pacheedaht Holding Corporation (i)	Pacheedaht Forestry Limited (ii)	Pacheedaht Enterprises Inc. (ii)
Revenue	\$ 20,240,033	\$ 674,640	\$ -	\$ 163,107	\$ -
Expenditures	19,903,666	514,368	-	705,048	-
<u>Net income (loss)</u>	<u>\$ 336,367</u>	<u>\$ 160,272</u>	<u>\$ -</u>	<u>\$ (541,941)</u>	<u>\$ -</u>
	1155338 BC Ltd. (ii)	San Juan Market Inc. (ii)	Qala:yit Forestry LP (i)	Pacheedaht Fishing Company Inc. (ii)	1228426 BC Ltd. (i)
Current assets	\$ 5,000	\$ 141,720	\$ 1,807,694	\$ -	\$ 1,000,000
Tangible capital assets	112,918	1,190,751	110,365	-	1,283,084
<u>Total assets</u>	<u>\$ 117,918</u>	<u>\$ 1,332,471</u>	<u>\$ 1,918,059</u>	<u>\$ -</u>	<u>\$ 2,283,084</u>
Current liabilities	\$ -	\$ 15,812	\$ 68,142	\$ -	\$ 2,283,900
Non-current liabilities	117,917	1,477,608	86,869	-	-
<u>Total liabilities</u>	<u>117,917</u>	<u>1,493,420</u>	<u>155,011</u>	<u>\$ -</u>	<u>2,283,900</u>
Equity	1	(160,949)	1,763,048	-	(816)
<u>Total liabilities and equity</u>	<u>\$ 117,918</u>	<u>\$ 1,332,471</u>	<u>\$ 1,918,059</u>	<u>\$ -</u>	<u>\$ 2,283,084</u>

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

9. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES, continued

	1155338 BC Ltd. (ii)	San Juan Market Inc. (ii)	Qala:yit Forestry LP (i)	Pacheedaht Fishing Company Inc. (ii)	1228426 BC Ltd. (i)
Revenue	\$ -	\$ 1,571,947	\$ 6,654,907	\$ -	\$ -
Expenses		- 1,665,068	3,391,092	-	816
	\$ -	\$ (93,121)	\$ 3,263,815	\$ -	\$ (816)

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

10. INVENTORY

	2020	2019
Fuel	\$ 13,890	\$ 11,841
Marked	17,118	14,283
Diesel	2,455	4,800
Propane	997	800
	<hr/>	<hr/>
	\$ 34,460	\$ 31,724

11. ACCOUNTS PAYABLE

	2020	2019
Accounts payable - general	\$ 1,583,278	\$ 468,855
Accrued salaries and employee benefits payable	82,852	104,678
Government remittance payable	58,163	54,017
GST Payable	131,175	93,879
	<hr/>	<hr/>
	\$ 1,855,468	\$ 721,429

12. DUE TO RELATED PARTIES

	2020	2019
Qala:yit Limited Partnership	\$ 80,306	\$ 8,522
Salpac Fisheries Limited Partnership	49,065	-
	<hr/>	<hr/>
	\$ 129,371	\$ 8,522

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related party

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

13. LONG-TERM DEBT

	2020	2019
TD Commercial Banking - Loan advanced for the purchase of Brown's Mountain property, repayable in monthly principal payment of \$7,541 plus interest at prime rate plus 1% per annum, maturing July 2021, secured by a General Security Agreement.	\$ 1,048,292	\$ 1,138,792
Nuu-chah-nulth Economic Development Corporation - Loan advanced for the construction of campground improvements, repayable in monthly payment of \$2,500 including interest at 3.70% per annum, maturing December 2022, secured by a General Security Agreement.	201,557	223,721
Tale'awtxw Aboriginal Capital Corporation - repayable in monthly principal payment of \$2,257 including interest at 8% per annum, maturing February 2022, secured by a General Security Agreement.	142,729	158,076
Pacheedaht Andersen Timber Holdings Limited Partnership - Loan advanced for purchase of San Juan Market, the advance bears interest at 5% per annum, is unsecured and has no fixed terms of repayment.	1,607,720	1,532,720
TD Commercial Banking (campground) - repayable in monthly principal payment of \$3,219 plus interest at prime rate plus 1% per annum, maturing March 2029.	347,727	386,364
Government of Canada - promissory notes without interest for advances by Canada for treaty negotiations. The total amount of the loan is forgiven effective March 31, 2020.	-	8,323,360
	<hr/> \$ 3,348,025	<hr/> \$ 11,763,033

Principal portion of long-term debt due within the next five years:

2021	\$ 168,340
2022	170,552
2023	280,871
2024	149,780
2025 and thereafter	2,578,482
	<hr/> \$ 3,348,025

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

14. ACCUMULATED SURPLUS

	2020	2019
Restricted		
Trust Fund	\$ 403,283	\$ 396,270
First Nation Negotiation Support Agreement	<u>165,712</u>	<u>85,256</u>
	<hr/> 568,995	<hr/> 481,526
Unrestricted		
Operating Fund	6,799,371	5,165,047
Capital Fund	8,776,031	8,342,222
Enterprise Fund	<u>4,312,145</u>	<u>4,592,867</u>
	<hr/> 19,887,547	<hr/> 18,100,136
	<hr/> \$ 20,456,542	<hr/> \$ 18,581,662

15. BUDGET INFORMATION

Canadian Public Sector Accounting Standards require that the First Nation's budget be presented in the financial statements. As the First Nation did not prepare a budget, no budgeted figures have been presented as otherwise required.

16. ECONOMIC DEPENDENCE

Pacheedaht First Nation receives a significant portion of its revenue pursuant to an agreement referred to as "The Comprehensive Funding Agreement". This agreement has been entered into by the Pacheedaht First Nation and Indigenous Services Canada. It is expected that the agreement will be renewed on an annual basis.

The First Nation also receives major funding pursuant to an agreement with First Nations Health Authority, and under which certain surpluses and deficits may be offset, but with the net balance repayable or refundable as the case may be.

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

17. SEGMENTED INFORMATION

As previously discussed in note 1 (i) the First Nation conducts its business through reportable segments as follows:

The Band Program department is responsible for administering projects in the Band is involved in annually and on an on-going basis relating to the overall objectives of the First Nation and the development of stable, legitimate and accountable community governments. It also provides overall support of the First nation including advisory services relating to financial management, band government, economic development, community services and technical services.

The Community Health department oversees the delivery of health programs and initiatives for the betterment of the lives of the members of the First Nation.

The Education program provides services to eligible First Nation students enrolled in elementary/secondary education programs and eligible post-secondary education programs.

The Social Development program provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

Economic Development and Job Creation Program includes activities related to the growth of the revenue producing projects within the First Nation, as well as land use activities.

Own Revenue Source program provides the non-government source of revenue for the local communities.

Capital Projects manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nation's infrastructure.

Other operations include Capital Fund, Ottawa Trust Fund, Enterprise Fund, and First Nation Negotiation Support Agreement transactions.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

17. SEGMENTED INFORMATION, continued

	Band Programs			Social Development			Community Health Program		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ 741,061	\$ 293,726	-	\$ 303,908	\$ 299,434	-	\$ 82,200	\$ 84,700
First Nations Health Authority	-	-	-	-	-	-	-	702,140	404,720
Rental	-	144,835	127,695	-	-	-	-	-	-
Province of BC	-	-	-	-	-	-	-	22,000	22,000
Miscellaneous	-	19,633	15,208	-	-	-	-	500	5,998
Other revenue	-	225,663	181,722	-	-	-	-	-	30,989
Total revenue	-	1,131,192	618,351	-	303,908	299,434	-	806,840	548,407
Expenses									
Contractor	-	183,096	131,949	-	14,777	30,203	-	69,526	34,076
Education	-	-	-	-	11,000	8,085	-	-	-
Materials and supplies	-	59,175	61,456	-	3,200	9,294	-	61,046	33,948
Professional fees	-	49,366	35,525	-	-	-	-	22,500	34,878
Honorarium	-	43,200	43,200	-	-	-	-	38,079	2,881
Wages and benefits	-	466,716	365,119	-	50,493	20,364	-	220,134	178,812
Other expenses	-	318,736	267,188	-	248,657	194,037	-	229,454	141,380
Total expenses	-	1,120,289	904,437	-	328,127	261,983	-	640,739	425,975
Annual surplus (deficit)	\$ -	\$ 10,903	\$ (286,086)	-	\$ (24,219)	\$ 37,451	-	\$ 166,101	\$ 122,432

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

17. SEGMENTED INFORMATION, continued

	Education Programs			Economic Development and Job Creation			Commercial Projects		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ 397,283	\$ 510,998	\$ -	\$ 367,033	\$ 199,629	\$ -	\$ -	\$ -
First Nations Health Authority	-	-	15,000	-	-	-	-	-	-
Province of BC	-	27,776	28,256	-	225,328	207,207	-	861	-
Public Works and Government Services Canada	-	-	-	-	13,420	-	-	100,000	100,000
Contract revenue	-	-	-	-	-	111,194	-	205,958	1,371,707
Miscellaneous	-	5,914	-	-	66,816	88,813	-	12,723	13,819
Other revenue	-	300,084	216,657	-	845,785	546,780	-	1,554,888	1,701,285
Total revenue	-	731,057	770,911	-	1,518,382	1,153,623	-	1,874,430	3,186,811
Expenses									
Contractor	-	38,162	500	-	117,118	256,261	-	40,696	202,844
Education	-	212,502	300,540	-	-	-	-	-	-
Materials and supplies	-	54,671	24,065	-	100,921	51,054	-	117,649	167,745
Professional fees	-	-	-	-	268,211	62,979	-	-	9,210
Purchases	-	-	-	-	-	-	-	900,200	820,682
Honorarium	-	8,267	7,710	-	6,601	5,451	-	954	1,124
Wages and benefits	-	290,430	232,859	-	536,937	425,507	-	564,120	728,461
Other expenses	-	157,993	180,921	-	192,357	111,380	-	280,270	896,958
Total expenses	-	762,025	746,595	-	1,222,145	912,632	-	1,903,889	2,827,024
Annual surplus (deficit)	\$ -	\$ (30,968)	\$ 24,316	\$ -	\$ 296,237	\$ 240,991	\$ -	\$ (29,459)	\$ 359,787

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

17. SEGMENTED INFORMATION, continued

	Capital Projects			Strategic Engagement			Own Source Revenue		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ 258,121	\$ 3,581	-	\$ 183,905	\$ 200,417	-	\$ -	\$ -
Public Works and Government Services Canada	-	-	-	-	8,790	-	-	-	-
Contract revenue	-	-	-	-	-	-	-	-	358,063
Miscellaneous	-	-	-	-	(921,721)	33,900	-	1,508,932	204,675
Other revenue	-	-	(1)	-	1,321,314	244,239	-	97,136	279,485
Total revenue	-	258,121	3,580	-	592,288	478,556	-	1,606,068	842,223
Expenses									
Contractor	-	38,375	-	-	242,117	188,220	-	-	131,619
Materials and supplies	-	-	-	-	83,159	20,458	-	5,979	-
Professional fees	-	-	-	-	258,835	183,976	-	4,086	1,442
Honorarium	-	-	-	-	1,059	-	-	101,671	50,525
Wages and benefits	-	-	-	-	265,921	179,303	-	2,598	65,272
Other expenses	-	7,818	-	-	425,245	45,137	-	107,466	180,016
Total expenses	-	46,193	-	-	1,276,336	617,094	-	221,800	428,874
Annual surplus (deficit)	\$ -	\$ 211,928	\$ 3,580	-	\$ (684,048)	\$ (138,538)	-	\$ 1,384,268	\$ 413,349
Capital Fund			Ottawa Trust Fund			Enterprise Fund			
2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	
Revenues									
Other revenue	\$ -	\$ -	\$ -	\$ -	\$ 7,013	\$ 9,505	-	\$ 1,219,278	\$ 2,072,900
Total revenue	-	-	-	-	7,013	9,505	-	1,219,278	2,072,900
Expenses									
Amortization	-	732,604	614,758	-	-	-	-	-	-
Total expenses	-	732,604	614,758	-	-	-	-	-	-
Annual surplus (deficit)	\$ -	\$ (732,604)	\$ (614,758)	-	\$ 7,013	\$ 9,505	-	\$ 1,219,278	\$ 2,072,900

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

17. SEGMENTED INFORMATION, continued

	First Nation Negotiation Support Agreement			Consolidated totals		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues						
Indigenous Services Canada	\$	-	\$	-	\$	-
First Nations Health Authority						
Rental						
Province of BC		681,700	617,700			
Public Works and Government Services Canada						
Contract revenue						
Miscellaneous						
Other revenue						
Total revenue	-	681,700	617,700	-	10,730,277	10,602,001
Expenses						
Amortization						
Contractor						
Education						
Materials and supplies						
Professional fees		292,371	290,099			
Purchases						
Honorarium		10,800	10,800			
Wages and benefits		275,353	275,428			
Other expenses		22,719	35,360			
Total expenses	-	601,243	611,687	-	8,855,390	8,351,059
Annual surplus (deficit)	\$	-	\$	80,457 \$	6,013 \$	-
						\$ 1,874,887 \$
						2,250,942

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

18. SUBSEQUENT EVENTS

1) On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the organization's environment and in the global markets due to the possible disruption in supply chains, and measure being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the First Nation's operations.

The extent of the impact of the pandemic and related impact on the First Nation's operations cannot be reliably estimated at this time.

In accordance with the provincial safety measures, the First Nation has developed a COVID-19 safety plan and the First Nation plans to continue operating under the new protocols beginning on March 11, 2020.

2) On June 18, 2020, 122846 BC Ltd. was amalgamated into Soule Creek Lodge Ltd.

19. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period