HUPACASATH FIRST NATION

FINANCIAL STATEMENTS

March 31, 2018

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HUPACASATH FIRST NATION
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
March 31, 2018

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

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board 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.

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 financial statements.

The Council 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 financial statements and the external auditor's report.

The external auditors, Sabo, Jang Co. Ltd., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Hupacasath First Nation and meet when required.

On behalf of Hupacasath First Nation:

Councillor	18/07/30 Date
Councillor	JULY 30, 18 Date
	July 30, 2018

SABO, JANG & CO. LTD.
(A Professional Corporation)
Chartered Professional Accountants

GREG K. SABO, CPA, CGA | **MICHAEL JANG, CPA, CGA, CAFM**

Independent Auditor's Report

To the Members of
Hupacasath First Nation

We have audited the accompanying financial statements of Hupacasath First Nation, which comprise the statement of financial position as at March 31, 2018, and the statements of revenue, expenditures and accumulated surplus, change in net debt, cash flows and the related schedules 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves 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 First Nation's preparation and 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 First Nation'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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Hupacasath First Nation as at March 31, 2018, and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Sabo, Jang & Co. Ltd.

Parksville, B.C.
July 30, 2018

Sabo, Jang & Co. Ltd.
Chartered Professional Accountants

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HUPACASATH FIRST NATION
STATEMENT OF FINANCIAL POSITION
March 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash	$ 215,535	$ 646,711
Restricted cash (Note 2)	319,564	325,104
Accounts receivable	228,917	919,619
Excise tax recoverable	36,574	9,755
Due from/to related parties (Note 3)	389,434	76,040
Loan receivable (Note 4)	4,895,704	5,369,907
Investments in First Nation Business Partnerships (Note 5)	2,553,777	2,696,294
	8,639,505	10,043,430
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	459,255	648,003
Deferred revenue (Note 7)	1,828	144,135
Committed funds (Note 8)	1,243,986	1,234,175
Reserves (Note 9)	47,571	48,380
Long-term debt (Note 10)	7,507,224	8,183,483
	9,259,864	10,258,176
NET DEBT	(620,359)	(214,746)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	3,155,408	3,226,928
Prepaid expenses	90,643	72,912
Inventories held for use	7,596	-
	3,253,647	3,299,840
ACCUMULATED SURPLUS (Note 12)	$ 2,633,288	$ 3,085,094

Approved on behalf of the Hupacasath First Nation

__________, Councillor

__________, Councillor

See accompanying Notes to Financial Statements.

HUPACASATH FIRST NATION
STATEMENT OF CHANGE IN NET DEBT
For the year ended March 31, 2018

	2018	2017
ANNUAL SURPLUS (DEFICT)	$ (441,997)	$ 580,985
Acquisition of tangible capital assets (Note 11)	(382,528)	(527,048)
Amortization of tangible capital assets (Note 11)	454,050	429,759
	71,522	(97,289)
Acquisition of prepaid asset	(17,731)	(18,788)
Acquisition of inventories held for use	(7,596)	-
Change in committed funds (Note 8)	(9,811)	(93,057)
Increase in net financial assets	(405,613)	371,851
Net debt at beginning of year	(214,746)	(586,597)
Net debt at end of year	$ (620,359)	$ (214,746)

See accompanying Notes to Financial Statements.

HUPACASATH FIRST NATION
STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS
For the year ended March 31, 2018

	2018 Budget (Note 13)	2018 Actual	2017 Actual
REVENUE			
Nuu-chah-nulth Tribal Council (NTC)	$ **1,644,800**	$ 1,718,698	$ 1,533,174
Sales	**1,837,500**	649,592	2,418,200
Department of Fisheries and Oceans	**271,600**	279,986	355,415
Province of British Columbia	**233,200**	275,044	218,361
Interest income	**130,000**	209,699	113,665
Lease income	-	122,197	78,627
Canadian Mortgage and Housing Corporation (CMHC) subsidies	**56,700**	110,229	52,923
Rental income	**60,000**	94,381	169,786
Nuu-chah-nulth Economic Development Corporation (NEDC)	**100,000**	65,227	20,652
Administration recoveries	**50,000**	48,785	70,343
Miscellaneous revenue	**65,000**	43,868	38,039
Other revenue	**25,000**	29,049	25,497
BC Hydro	**5,000**	11,603	23,754
Other grants	**16,500**	9,000	140,924
First Nations Education Steering Committee	**3,500**	3,020	3,694
BC special	-	755	749
Donations	-	-	2,050
Income (loss) from First Nation Business Partnerships	-	(82,494)	(10,255)
	4,498,800	3,588,639	5,255,598

See accompanying Notes to Financial Statements.

HUPACASATH FIRST NATION
STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS
For the year ended March 31, 2018

		2018 Actual	2017 Actual
EXPENDITURES			
Operating Fund	**2,743,700**	3,283,849	2,830,500
Trust Fund	-	-	-
Social Housing Fund	-	94,243	107,848
Enterprise Fund	**1,100,700**	628,902	1,688,257
Treaty Fund	**24,200**	23,642	48,008
	3,868,600	4,030,636	4,674,613
ANNUAL SURPLUS (DEFICT)	**634,200**	(441,997)	580,985
ACCUMULATED SURPLUS AT BEGINNING OF YEAR			
As previously stated	-	2,168,813	1,607,496
Prior period adjustment (Note 14)	-	105,462	85,791
As restated	-	2,274,272	1,693,287
ACCUMULATED SURPLUS AT END OF YEAR	$ **634,200**	$ 1,832,275	$ 2,274,272

See accompanying Notes to Financial Statements.

HUPACASATH FIRST NATION
STATEMENT OF CASH FLOWS
For the year ended March 31, 2018

	2018	2017
Cash flows from		
Operating activities		
ANNUAL SURPLUS (DEFICT)	$ (441,997)	$ 580,985
Change in non-cash operating working capital		
Accounts receivable	690,702	(465,375)
Excise tax recoverable	(26,819)	38,474
Prepaid expenses	(17,731)	(18,788)
Loan receivable	474,203	(5,369,907)
Inventory	(7,596)	-
Accounts payable and accrued liabilities	(188,748)	186,655
Deferred revenue	(142,307)	86,255
Reserves	(809)	315
Due from/to Related Parties	(313,390)	(174,485)
Accommodation deposit	-	46,743
	25,508	(5,089,128)
Capital activities		
Increase in amortization	454,050	429,758
Acquisition of tangible capital assets	(382,529)	(527,047)
	71,521	(97,289)
Financing activities		
Long-term debt	(676,261)	5,432,074
Investing activities		
(Increase) decrease in investments	142,516	87,906
Increase (decrease) in cash and cash equivalents	(436,716)	333,563
Cash and cash equivalents, beginning of year	971,815	638,252
Cash and cash equivalents, end of year	$ 535,099	$ 971,815
Represented by		
Cash	$ 215,535	$ 646,711
Restricted cash	319,564	325,104
	$ 535,099	$ 971,815

See accompanying Notes to Financial Statements.

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.

(a) Fund accounting

The Hupacasath First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual, or voluntary actions. The various funds have been amalgamated for the purposes of presentation in the consolidated financial statements. Detail of the operations of each fund are set out in the supplementary schedules.

(b) Reporting entity principles of financial reporting

The Hupacasath First Nation reporting entity includes the Hupacasath First Nation and all related entities which are accountable to the Council, and which are either owned, directly or indirectly, or controlled by the Hupacasath First Nation.

The First Nation Business Partnerships have been recorded by the First Nation using the modified equity method where applicable. See Note 5 on Investment in First Nation Government Partnerships.

The First Nation also prepares Financial Statements that consolidate the assets, liabilities and results of operations for the following entities which lend themselves to consolidation:

1. Operating Fund
2. Trust Fund
3. Social Housing Fund
4. Enterprise Fund
5. Treaty Fund

All inter-fund balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

(c) Comparative figures

Comparative figures have been reclassified, where applicable, to conform to current presentation.

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

(d) Tangible capital assets

Tangible capital assets are non-financial assets normally employed to provide future services. 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 Hupacasath First Nation's incremental cost of borrowing.

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

Automotive equipment	5years Straight line
Boats	8years Straight line
Buildings	20years Straight line
Computer equipment	3years Straight line
Computer software	3years Straight line
Equipment	5years Straight line
Equipment (10 year)	10years Straight line
Fencing	10years Straight line
Infrastructure	20years Straight line
Roads and Parking Lots	20years Straight line
Signage	3years Straight line

Social Housing capital assets have been amortized in an amount equal to the principal reduction of the mortgage, as required for CMHC reporting purposes.

(e) Revenue recognition

Funding received under the terms of agreements is recognized as revenue when received. Funding received but not yet expended is included in the applicable statement of revenue and expenditure.

(f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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.

2. RESTRICTED CASH

	2018 $	2017 $
In Trust for Membership	$ 171,943	$ 171,943
Ottawa Trust Funds	35,522	33,998
Security for BMO Loan	67,091	67,091
Social Housing reserve bank	44,469	51,461
Treaty	539	611
	$ 319,564	$ 325,104

Ottawa trust fund accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. No restricted external funding was received, other than interest earned.

Social Housing funds held in Replacement and Operating Reserves according to the terms of the agreements with CMHC under Section 95 of the National Housing Act of Canada are presented on the Statements of Funded Reserves with the Social Housing Fund financial information.

Under the terms of the agreements with CMHC these funds, along with accumulated interest, must be held in separate bank accounts and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise may be mutually agreed to by the First Nation and CMHC. Withdrawals from the reserves are credited to interest first and then to principal.

Treaty funds are restricted to use on treaty related activities.

In trust for membership funds was held in a GIC to earning 0.7% interest.

Security for BMO loan is an internally restricted amount to ensure that the First Nation has cash reserves to cover the monthly payments of the BMO loan for Upnit Power LP, if Upnit Power LP is unable to make its monthly loan payment to the First Nation. This amount was invested in a GIC earning 0.7% interest.

3. DUE FROM/TO RELATED PARTIES

	2018	2017
Due from/to Tsumas-as Tseafoods LP	$ 226,455	$ 52,335
Due from/to Nootka Insurance LP	500	500
Due from/to Kleekhoot Gold LP	196,394	97,329
Due from/to HFN Environmental Waste Disposal Services LP	71,114	40,167
Due from/to 1054423 Fisheries LP	(117,970)	(114,291)
Due from/to Upnit Power LP	12,941	-
	$ 389,434	$ 76,040

Advances due/from related entities are unsecured and without interest or any fixed terms of repayment. Inter-entity transactions with related parties are measured at the exchange amount. During the year the First Nation had the following transactions. The First Nation received $39,083 of lease income from Tsumas-as Tseafoods LP. The First Nation paid $37,881 in insurance premiums to Nootka Insurance LP. The First Nation received $39,525 of lease income from Kleekhoot Gold LP. The First Nation received $43,589 of lease income from HFN Environmental Waste Disposal Services LP. The First Nation received $48,000 of administration fees from Upnit Power LP.

4. LOAN RECEIVABLE

	2018	2017
Upnit Power Limited Partnership, repayable at $56,697 per month including interest at 4.00% per annum, guaranteed by a General Security Agreement, maturity date July 31, 2021.	$ 4,895,704	$ 5,369,907

Loans receivable are valued at the lower of cost and net realizable value. No valuation allowance was recorded during the year and interest earned is recorded as received.

5. INVESTMENT IN FIRST NATION BUSINESS PARTNERSHIPS

	2018	2017
HFN Environmental Waste Disposal Services Limited Partnership	$ (55,814)	$ (27,553)
Kleekhoot Gold Limited Partnership	(152,607)	(25,344)
Nootka Insurance Agency Limited Partnership	5,779	5,878
Tsuma-as Tseafoods Limited Partnership	212,304	160,278
Upnit Power Limited Partnership	2,544,115	2,583,035
Total Investment in Government Business Partnerships	$ 2,553,777	$ 2,696,294

5. INVESTMENT IN FIRST NATION BUSINESS PARTNERSHIPS, continued

The First Nation owns 99.99% of the outstanding units of HFN Environmental Waste Disposal Services Limited Partnership. HFN Environmental Waste Disposal Services LP operates and waste collection and disposal operation that services the public.

The First Nation owns 99.99% of the outstanding units of Kleekhoot Gold Limited Partnership. Kleekhoot Gold LP operates a maple syrup production and bottling company that sells its products.

The First Nation owns 51% of the outstanding units of Nootka Insurance Agency Limited Partnership. Nootka Insurance Agency operates an insurance brokerage servicing the public.

The First Nation owns 99.99% of the outstanding units of Tsumas-as Tseafoods Limited Partnership. Tsumas-as Tseafoods LP manages fishing operations for the First Nation.

The First Nation owns 72.5% of the units of Upnit Power Limited Partnership. Upnit Power Limited Partnership operates a micro hydro facility which began operations in December, 2005.

There were no significant transactions between the First Nation business partnerships and the First Nation between December 31, 2017 and March 31, 2018

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

5. INVESTMENT IN FIRST NATION BUSINESS PARTNERSHIPS, continued

	HFN Environmental Waste Disposal Services Limited Partnership as at Dec 31, 2017	Kleekhoot Gold Limited Partnership as at Dec 31, 2017	Nootka Insurance Agency Limited Partnership as at Dec 31, 2017	Tsuma-as Tseafoods Limited Partnership as at Dec 31, 2017	Upnit Power Limited Partnership as at Dec 31, 2017
Cash	$ 7,591	$ 12,966	$ 26,161	$ 32,311	$ 287,593
Accounts receivable	35	48	-	109,086	170,238
Prepaid expenses	-	-	-	-	58,076
Tangible capital assets	-	15,505	-	17,739	8,468,092
Due from related parties	-	-	-	24,488	-
Investments	-	-	-	63,654	-
Inventory	-	47,300	-	-	-
Total assets	$ 7,626	$ 75,819	$ 26,161	$ 247,278	$ 8,983,999
Accounts payable	$ 3,687	$ 21,611	$ 14,829	$ 30,453	$ 64,904
Due to related parties	59,787	188,653	-	-	34,548
Long term debt	-	17,667	-	-	5,703,001
Total liabilities	63,474	227,931	14,829	30,453	5,802,453
Equity	(55,818)	(152,112)	11,332	216,825	3,181,546
Total liabilities and equity	$ 7,656	$ 75,819	$ 26,161	$ 247,278	$ 8,983,999

	For the period ended Dec 31, 2017	For the period ended Dec 31, 2017	For the period ended Dec 31, 2017	For the period ended Dec 31, 2017	For the period ended Dec 31, 2017
Revenue	$ 50,845	$ 16,130	$ 26,031	$ 295,275	$ 1,459,976
Expenses	73,620	138,280	14,799	196,319	1,513,658
	$ (22,775)	$ (122,150)	$ 11,232	$ 98,956	$ (53,682)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade payables	$ 386,924	$ 615,124
Wages payable	27,152	15,361
Vacation and overtime	23,134	1,324
Government remittances	17,388	11,637
Pension	4,207	3,807
Employee savings plan	450	750
	$ 459,255	$ 648,003

The First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary and the First Nation is required to match their contribution of 5%. The amount of the retirement benefit to be received by the employees will be the amount of the retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The First Nation contributed during the year $20,618 (2017- $17,743) for retirement benefits. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2018.

7. DEFERRED REVENUE

	2018	2017
Rental income	$ 1,828	$ -
Province of BC - Cedar Strategy Contract	-	95,000
Funding for garden creation	-	45,156
P&ID - File archiving and scanning project	-	2,400
Elders fundraising	-	969
	1,828	143,525
	$ 1,828	$ 144,135

8. COMMITTED FUNDS

The First Nation has committed the cumulative surplus of the following programs for future expenditures in only those specific programs.

	2018	2017
Community & Human Services	$ 369,061	$ 359,250
Capital - Residential	223,128	223,128
Capital - Non-residential	429,174	429,174
Natural Resources	222,623	222,623
	$ 1,243,986	$ 1,234,175

9. RESERVES

	2018	2017
Social Housing Replacement Reserve	$ 34,316	$ 37,929
Social Housing Operating Reserve	13,255	10,451
	$ 47,571	$ 48,380

10. LONG-TERM DEBT

	2018	2017
Indigenous & Northern Affairs Canada treaty loan, for details see Note 17.	$ 904,411	$ 904,411
Toyota Credit Canada Inc., repayable at $836 per month including interest at 4.99%, matures October 2020; secured by certain automotive equipment.	26,296	34,786
Ford Credit Corporation, repayable at $398 per month including interest at 3.49%, matures August 2018; secured by certain automotive equipment	1,972	6,590
NEDC, repayable at $2,454 per month including interest at 8% per annum, matures July 2019; secured by PPSA and a promissory note of the First Nation.	58,691	82,584
Bank of Montreal, although due on demand, the bank is accepting $8,384 per month including interest at prime plus 0.5% per annum, matures 2026; secured by a general security agreement	750,762	823,153

10. LONG-TERM DEBT, continued

	2018	2017
All Nations Trust Company, repayable at $2,010 per month including interest at 1.92% per annum, guaranteed by Hupacasath First Nation and the Federal Government, renewal date is April 2019 (matures April 2026)	180,817	201,305
All Nations Trust Company, repayable at $2,719 per month including interest at 1.92% per annum, guaranteed by Hupacasath First Nation and the Federal Government, renewal date is December 2022 (matures October 2032)	427,263	452,840
NEDC, repayable at $1,480 per month including interest at 8% per annum; secured by PPSA and a promissory note of the First Nation.	46,244	71,271
NEDC, interest only payments at 8% per annum, matures December 2023; $21,145 is forgiven at $1 for every $1 principal paid on the interest bearing loan; secured by PPSA and a promissory note of the First Nation.	238,246	244,894
BMO Loan, repayable at $54,853 per month including interest at 3.30% per annum, matures September 2026; secured by the Upnit Power LP assets and a General Security Agreement	4,872,522	5,361,649
	$ 7,507,224	$ 8,183,483

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

2019	$ 702,546
2020	724,399
2021	722,125
2022	717,085
2023 and thereafter	4,641,069
	$ 7,507,224

11. TANGIBLE CAPITAL ASSETS

As at March 31, 2018

	Cost			Accumulated amortization			
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2018 net book value
Automotive equipment	$ 717,457	$ 3,750	$ 721,207	$ 392,248	$ 101,141	$ 493,389	$ 227,818
Boats	315,735	-	315,735	111,311	35,747	147,058	168,677
Buildings	3,003,675	45,800	3,049,475	2,240,221	120,446	2,360,667	688,808
Computer equipment	149,603	6,177	155,780	144,121	1,469	145,590	10,190
Computer software	15,387	-	15,387	9,143	3,837	12,980	2,407
Equipment	521,003	55,630	576,633	281,628	70,808	352,436	224,197
Equipment (10 year)	302,219	16,762	318,981	107,535	36,680	144,215	174,766
Fencing	33,976	12,921	46,897	13,136	2,840	15,976	30,921
Infrastructure	1,267,225	7,361	1,274,586	1,104,749	22,018	1,126,767	147,819
Land	66,625	234,128	300,753	-	-	-	300,753
Roads and Parking Lots	237,444	-	237,444	52,330	11,872	64,202	173,242
Signage	3,100	-	3,100	1,550	1,033	2,583	517
Social Housing	1,460,353	-	1,460,353	408,902	46,158	455,060	1,005,293
	$ 8,093,802	$ 382,529	$ 8,476,331	$ 4,866,874	$ 454,049	$ 5,320,923	$ 3,155,408

A $36,000 pharmpod included in buildings is not being amortized as it is under construction.

As at March 31, 2017

	Cost			Accumulated amortization			
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2017 Net book value
Automotive equipment	$ 623,405	$ 94,052	$ 717,457	$ 272,019	$ 120,229	$ 392,248	$ 325,209
Boats	315,735	-	315,735	75,564	35,747	111,311	204,424
Buildings	2,956,997	46,678	3,003,675	2,119,775	120,446	2,240,221	763,454
Computer equipment	141,378	8,225	149,603	138,766	5,355	144,121	5,482
Computer software	6,020	9,367	15,387	5,305	3,838	9,143	6,244
Equipment	278,800	242,203	521,003	243,892	37,736	281,628	239,375
Equipment (10 year)	197,636	104,583	302,219	82,575	24,960	107,535	194,684
Fencing	12,039	21,937	33,976	12,039	1,097	13,136	20,840
Infrastructure	1,267,225	-	1,267,225	1,082,915	21,834	1,104,749	162,476
Land	66,625	-	66,625	-	-	-	66,625
Roads and Parking Lots	237,444	-	237,444	40,458	11,872	52,330	185,114
Signage	3,100	-	3,100	517	1,033	1,550	1,550
Social Housing	1,460,353	-	1,460,353	363,291	45,611	408,902	1,051,451
	$ 7,566,757	$ 527,045	$ 8,093,802	$4,437,116	$ 429,758	$4,866,874	$ 3,226,928

12. ACCUMULATED SURPLUS

	2018	2017
Surplus per summary schedule	$ 1,832,275	$ 2,274,273
Committed funds	(1,243,986)	(1,234,180)
Contributed equity	2,045,000	2,045,000
	$ 2,633,289	$ 3,085,093

13. BUDGETED FIGURES

Budgets were not prepared for all segments and all departments in 2018. As such, the budget figures in the Consolidated Statement of Operations are not presented for the same scope of the activities as the actual results.

The disclosed budget information has been approved by the Chief and Council of the Hupacasath First Nation.

14. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to correct the investment in Tsumas-as Tseafoods LP for unrecorded revenues. The effect of the correction in the prior year is an increase in net income of $105,462, an increase in equity of $105,462, an increase in distributions of $91,132, and an increase in Investments in Tsumas-as Tseafoods LP of $14,330. The effect in the current year is an increase in equity of $105,462 and an increase in Investment in Tsumas-as Tseafoods LP of $14,330 and an increase in the Due from Tsumas-as Tseafoods LP of $91,132.

15. SEGMENTED INFORMATION

15. SEGMENTED INFORMATION, continued

The First Nation receives revenue and incurs expenses from many different projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by the following segments:

Operating
Includes general operations, support and financial mangement of the First Nation. Additionally, it includes activities related to education, health and community infastructure.

Trust
Includes activities related to funds held in trust and a specific claim trust.

Social Housing
Includes revenue and expenses relating to the social housing of the members of the Hupacasath First Nation.

Enterprise
Includes activities related to the growth of revenue producing projects with the First Nation.

Treaty
Includes activites related to the treaty negotiation with the Federal Governemnt.

Segmented information is a summary of the activities of each of the segments. The revenues and expenditures include amounts eliminated on consolidation and capital asset purchases.

15. SEGMENTED INFORMATION, continued

	Operating Fund			Treaty Fund			Enterprise Fund		
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues									
NTC	$ 1,510,100	$ 1,694,523	$ 1,509,344	$ 24,200	$ 24,175	$ 23,830	$ -	$ -	$ -
Department of fisheries and oceans	271,600	279,986	355,415	-	-	-	-	-	-
Province of BC	220,000	261,843	202,296	-	-	-	-	13,200	16,065
Interest income	130,000	208,929	113,030	-	-	-	-	-	-
Sales	7,500	2,794	5,600	-	-	-	1,800,000	646,798	2,412,600
Other revenue	816,700	550,046	656,661	-	-	12,500	-	60,577	89,023
Total revenue	2,955,900	2,998,121	2,842,346	24,200	24,175	36,330	1,800,000	720,575	2,517,688
Expenses									
Wages and benefits	676,000	822,736	624,410	11,000	11,927	-	151,000	109,965	89,199
Contracts	329,200	369,181	405,259	-	-	-	50,000	44,718	40,562
Amortization	240,000	320,853	315,281	-	-	-	-	87,039	68,960
Repairs and maintenance	41,300	119,606	54,670	-	-	-	2,000	2,497	3,686
Other expenses	1,457,200	2,009,465	1,775,101	13,200	11,715	48,008	897,700	634,684	1,735,854
Total expenses	2,743,700	3,641,841	3,174,721	24,200	23,642	48,008	1,100,700	878,903	1,938,261
Annual surplus (deficit)	$ 212,200	$ (643,720)	$ (332,375)	$ -	$ 533	$ (11,678)	$ 699,300	$ (158,328)	$ 579,427

15. SEGMENTED INFORMATION, continued

	Social Housing Fund 2018 Budget	Social Housing Fund 2018 Actual	Social Housing Fund 2017 Actual	Trust Fund 2018 Budget	Trust Fund 2018 Actual	Trust Fund 2017 Actual
Revenues						
CMHC subsidies	$ -	$ 43,193	$ 42,848	$ -	$ -	$ -
Rental Income	-	64,750	65,000	-	-	-
Interest income	-	-	-	-	770	636
Other revenue	-	-	-	-	755	750
Total revenue	-	107,943	107,848	-	1,525	1,386
Expenses						
Amortization	-	46,158	45,611	-	-	-
Interest on long-term debt	-	11,032	11,987	-	-	-
Repairs and maintenance	-	7,077	9,436	-	-	-
Other expenses	-	43,676	40,814	-	-	-
Total expenses	-	107,943	107,848	-	-	-
Annual surplus (deficit)	$ -	$ -	$ -	$ -	$ 1,525	$ 1,386

16. EXPENSES BY OBJECT

The following is a summary of consolidated expenses by object.

	2018 Budget	2018 Actual	2017 Actual
Amortization	**$ 240,000**	$ 454,050	$ 429,852
Bad debts	**-**	8,025	63,516
Basic needs	**181,500**	267,075	210,498
Community support programs	**93,000**	99,475	99,484
Consultant fees	**225,000**	184,574	252,369
Contracts	**379,200**	413,899	445,821
Custom election code	**2,000**	36,086	41,664
Fire protection	**17,000**	37,851	2,779
Fuel	**18,000**	17,197	14,346
Honorariums	**116,500**	128,354	100,144
Housing renovations	**49,900**	40,350	44,268
Insurance	**48,000**	59,545	52,938
Interest and bank charges	**5,200**	7,284	5,285
Interest on long-term debt	**25,000**	235,867	166,498
Licences, dues and fees	**12,500**	46,617	4,220
Materials and supplies	**91,300**	103,294	80,344
Meetings	**16,000**	21,981	18,415
Membership distribution	**90,000**	88,300	58,400
NCN Family Gathering	**-**	-	88,247
National Child Tax Benefit	**25,000**	21,800	23,301
Office expenses	**63,500**	73,417	57,890
Operating reserve transfers	**-**	2,804	1,282
Patient transportation	**-**	34,054	17,400
Production costs	**550,000**	260,690	1,362,939
Professional fees	**50,500**	52,066	36,405
Property tax	**4,000**	2,880	12,578
RRAP Renovations	**51,500**	45,952	16,909
Reforestation	**10,000**	9,133	8,512
Rental property costs	**7,500**	4,647	5,245
Repairs and maintenance	**43,300**	129,179	67,792
Replacement reserve transfers	**-**	12,000	12,000
Special needs	**6,000**	15,718	13,129
Student allowances	**17,500**	13,395	9,950
Telecommunications	**16,500**	13,792	14,094
Training	**3,000**	544	1,034
Travel	**36,700**	29,840	25,805
Tuition - preschool	**5,000**	1,775	2,103
Utilities	**94,000**	112,501	80,345
Wages and benefits	**838,000**	944,626	713,610
	$ 3,432,100	$ 4,030,637	$ 4,661,411

17. ECONOMIC DEPENDENCE

Hupacasath First Nation receives the major portion of its operating revenues pursuant to an agreement referred to as the First Nations and Tribal Councils National Funding Agreement (FNTCNFA). This agreement has been entered into by the Nuu-chah-nulth Tribal Council, certain of its member First Nations, and Indigenous and Northern Affairs Canada (INAC). This current agreement covers the period April 1, 2014 until March 31, 2018.

18. TREATY LOAN FROM INDIGENOUS AND NORTHERN AFFAIRS CANADA

During the current year, the First Nation received no funding from the BC Treaty Commission.

a) the twelfth (12th) anniversary of the date on which the first loan advance was made pursuant to the instructions of the Commissioners. However, the First Nation has applied for and been granted an additional five years;
b) the seventh (7th) anniversary of the date of signing of an agreement-in-principle;
c) the date on which a treaty is signed by the parties;
d) the date on which the agreement is terminated or;

	2018	2017
Loan amount received in prior years	$ 904,411	$ 904,411
Loan amount received in current years	-	-
Loan balance, end of year	$ 904,411	$ 904,411

19. CONTINGENT ASSET

The First Nation has a contingent asset relating to the underfunding of the social assistance program by INAC. Collection of these assets is contingent on government approval and is considered likely. The contingent asset has been valued at $132,500. The basis for the valuation is the current year deficit in the social development program.

20. CONTINGENT LIABILITIES

a) The First Nation is contingently liable for guarantees of mortgages of members' residences situated on reserve. The total amount of such mortgages as at Mach 31, 2018 is $329,035 (2017 - $391,896)

b) The First Nation is contingently liable on a loan made by Western Economic Diversification Canada to the First Nation controlled entity Upnit Power Limited Partnership. The balance of the loan at December 31, 2018 was $66,250 (2017 - $148,150). The First Nation's contingent liability is limited to its 72.5% share in the limited partnership.

c) The First Nation is contingently liable for $117,691 (2017 - $126,098 loaned by Canadian Mortgage and Housing Corporation to the First Nation controlled entity Ooh-ah-tluk-kuu-wil Society. Commencing in August 2007, the loan is forgiven at a rate of one fifteenth of the original principal amount for each year the Society continues to own and operate the safehouse project.

d) The First Nation and individual band members have entered into loan agreements with Canada Mortgage and Housing Corporation to finance renovations under the On-Reserve Residential Rehabilitation Assistance Program (RRAP). The loans are forgivable over the terms of the agreements (between 1 and 5 years) provided the First Nation is not in default under the agreement and that the band members continue to own and occupy their houses during the term. As the First Nation has and intends to continue to comply with the loan agreement, the loan has been classified as a conditional grant, with loan proceeds recognized as revenue as the funds are received under the terms of the agreement. No liability has been recorded in the financial statements. The balance of contingent loan payable as at March 31, 2018 is $54,168 (2017 - $67,710).

21. FINANCIAL INSTRUMENTS

The financial instruments of the First Nation consist of cash, accounts receivable, accounts payable and accruals, wages payable and debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments.