HUPACASATH FIRST NATION

FINANCIAL STATEMENTS

March 31, 2019

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HUPACASATH FIRST NATION
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
March 31, 2019

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

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

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	July 29, 2019 Date
Councillor	July 29, 2019 Date
	July 29, 2019

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, 2019, and the statements of revenue, expenditures and accumulated surplus, change in net debt, cash flows for the year then ended, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section or our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

In preparing the financial statement, 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.

www.sabojang.com frontdesk@sabojang.com
P.O. Box 580,
118 McMillan Street
Parksville, B.C. V9P 2G6
Ph: 250-951-2000
Fax: 250-951-2070
Toll Free: 1-877-951-2001

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 be 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 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report cot the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Saho, Jang & Co. Ltd.

Parksville, B.C.
July 29, 2019

Chartered Professional Accountants

HUPACASATH FIRST NATION
STATEMENT OF FINANCIAL POSITION
March 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash	$ 602,194	$ 215,535
Restricted cash (Note 2)	368,273	319,564
Accounts receivable	659,212	228,917
Excise tax recoverable	-	36,574
Due from/to related parties (Note 3)	546,430	389,434
Loan receivable (Note 4)	4,402,183	4,895,704
Investments in first nation business partnerships (Note 5)	2,500,095	2,553,777
	9,078,387	8,639,505
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	807,316	459,255
Deferred revenue (Note 7)	535,753	1,828
Committed funds (Note 8)	1,284,036	1,243,986
Reserves (Note 9)	35,909	47,571
Long-term debt (Note 10)	6,790,567	7,507,224
	9,453,581	9,259,864
NET DEBT	(375,194)	(620,359)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	2,854,166	3,155,408
Prepaid expenses	99,630	90,643
Inventories held for use	9,580	7,596
	2,963,376	3,253,647
ACCUMULATED SURPLUS (Note 12)	$ 2,588,182	$ 2,633,288

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, 2019

	2019	2018
DEFICIT	$ (5,059)	$ (441,997)
Acquisition of tangible capital assets	(176,813)	(382,527)
Amortization of tangible capital assets	454,488	454,050
Net disposition of tangible capital assets	23,570	-
	301,245	71,523
Acquisition of prepaid asset	(8,987)	(17,731)
Acquisition of inventories held for use	(1,984)	(7,596)
Change in committed funds	(40,050)	(9,811)
Decrease in net financial assets	245,165	(405,612)
Net debt at beginning of year	(620,359)	(214,747)
Net debt at end of year	$ (375,194)	$ (620,359)

See accompanying Notes to Financial Statements.

HUPACASATH FIRST NATION
STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS
For the year ended March 31, 2019

	2019 Budget (Note 13)	2019 Actual	2018 Actual
REVENUE			
Sales	**$ 1,000,000**	$ 2,101,504	$ 648,871
Nuu-Chah-Nulth Tribal Council	**1,537,100**	1,491,929	1,718,698
Department of fisheries and oceans	**102,000**	240,539	279,986
Province of BC	**179,500**	217,164	275,043
Interest income	**195,000**	193,083	209,699
Lease income	**-**	135,105	122,197
Rental Income	**110,000**	109,521	94,381
Other revenue	**192,000**	89,536	73,637
Other grants	**71,700**	83,444	9,000
Administration recoveries	**75,000**	81,500	48,785
Nuu-chah-nulth Economic Development Corporation	**50,000**	71,145	65,227
CMHC subsidies	**43,000**	43,880	43,193
CMHC RRAP funding	**12,000**	42,957	50,803
FNESC	**15,000**	19,111	3,020
CMHC HIIFNIY funding	**16,000**	15,872	16,234
First Nations Health Authority	**15,000**	15,000	-
BC Hydro	**-**	8,251	11,604
Donations	**-**	4,250	-
BC special	**-**	748	755
Income (loss) from first nation business partnerships	**-**	(41,773)	(82,494)
	3,613,300	4,922,766	3,588,639

See accompanying Notes to Financial Statements.

HUPACASATH FIRST NATION
STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS
For the year ended March 31, 2019

		2019 Actual	2018 Actual
EXPENDITURES (Note 14)			
Operating Fund	**3,044,400**	3,023,373	3,283,849
Social Housing Fund	**103,000**	93,333	94,243
Enterprise Fund	**1,088,000**	1,773,488	628,902
Treaty Fund	**25,000**	37,631	23,642
	4,260,400	4,927,825	4,030,636
DEFICIT	**(347,100)**	(5,059)	(441,997)
ACCUMULATED SURPLUS AT BEGINNING OF YEAR			
As previously stated	-	1,832,275	2,168,813
Prior period adjustment (Note 16)	-	-	105,462
As restated	-	1,832,275	2,274,272
TRANSFERS		-	-
ACCUMULATED SURPLUS AT END OF YEAR		$ 1,827,216	$ 1,832,275

See accompanying Notes to Financial Statements.

HUPACASATH FIRST NATION
STATEMENT OF CASH FLOWS
For the year ended March 31, 2019

	2019	2018
Cash flows from		
Operating activities		
DEFICIT	$ (5,059)	$ (441,997)
Change in non-cash operating working capital		
Accounts receivable	(430,295)	690,702
Excise tax recoverable	36,574	(26,819)
Prepaid expenses	(8,987)	(17,731)
Loan receivable	493,521	474,203
Inventory	(1,984)	(7,596)
Accounts payable and accrued liabilities	348,059	(188,748)
Deferred revenue	533,925	(142,307)
Reserves	(11,662)	(809)
Due from/to Related Parties	(156,996)	(313,390)
	797,096	25,508
Capital activities		
Increase in amortization	454,488	454,050
Acquisition of tangible capital assets	(176,814)	(382,529)
Disposition of capital asset	23,572	-
	301,246	71,521
Financing activities		
Long-term debt	(716,656)	(676,261)
Investing activities		
(Increase) decrease in investments	53,682	142,516
Increase (decrease) in cash and cash equivalents	435,368	(436,716)
Cash and cash equivalents, beginning of year	535,099	971,815
Cash and cash equivalents, end of year	$ 970,467	$ 535,099
Represented by		
Cash	$ 602,194	$ 215,535
Restricted cash	368,273	319,564
	$ 970,467	$ 535,099

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 of the Canadian Institute of Chartered Accountants.

(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 controlled business of the First Nation have been recorded by the First Nation using the modified equity method where applicable. See Note 5 on Investment in first nation business 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 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 deferred revenue and not 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

	2019 $	2018 $
In Trust for Membership	$ 303,775	$ 239,034
Ottawa Trust Funds	37,093	35,522
Social Housing reserve bank	26,938	44,469
Treaty	467	539
	$ 368,273	$ 319,564

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.

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 earning 1.75% interest. This amount includes $67,091 which is internally restricted as security for the BMO loan 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.

3. DUE FROM/TO RELATED PARTIES

The exchange method of measuring related party transactions is used by the First Nation.

	2019	2018
Due from/to Tsumas-as Tseafoods LP	$ 181,222	$ 226,455
Due from/to Nootka Insurance LP	5,156	500
Due from/to Kleekhoot Gold LP	333,061	196,394
Due from/to HFN Environmental Waste Disposal Services LP	104,547	71,114
Due from/to 1054423 Fisheries LP	(144,628)	(117,970)
Due from/to Upnit Power LP	67,073	12,941
	$ 546,431	$ 389,434

Advances due to/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 $30,765 (2018 - $39,083) of lease income from Tsumas-as Tseafoods LP. The First Nation paid $39,579 (2018 - $37,881) in insurance premiums to Nootka Insurance LP. The First Nation received $60,409 (2018 - $39,525)of lease income from Kleekhoot Gold LP. The First Nation received $43,931 (2018 - $43,589) of lease income from HFN Environmental Waste Disposal Services LP. The First Nation received $48,000 (2018 - $48,000) of administration fees from Upnit Power LP.

4. LOAN RECEIVABLE

	2019	2018
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.	$ 4,402,183	$ 4,895,704

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

	2019	2018
HFN Environmental Waste Disposal Services Limited Partnership	$ (75,948)	$ (55,814)
Kleekhoot Gold Limited Partnership	(245,911)	(152,607)
Nootka Insurance Agency Limited Partnership	51	5,779
Tsuma-as Tseafoods Limited Partnership	497,297	212,304
Upnit Power Limited Partnership	2,324,606	2,544,115
Total Investment in Government Business Partnerships	$ 2,500,095	$ 2,553,777

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.

Summary financial information for each First Nation business partnership, accounted for using the modified equity method, for their December 31, 2018 year ends is as follows:

5. INVESTMENT IN FIRST NATION BUSINESS PARTNERSHIPS, continued

	HFN Environmental Waste Disposal Services Limited Partnership	Kleekhoot Gold Limited Partnership	Nootka Insurance Agency Limited Partnership	Tsuma-as Tseafoods Limited Partnership	Upnit Power Limited Partnership	2019 Total
Cash	$ 5,709	$ 5,389	$ 28,252	$ 401,633	$ 43,986	$ 484,969
Accounts receivable	4,772	3,790	-	17,500	240,083	266,145
Prepaid expenses	132	-	-	-	2,366	2,498
Tangible capital assets	-	13,033	-	6,683	8,001,377	8,021,093
Due from related parties	2,555	3,538	-	4,042	629	10,764
Investments	-	-	-	192,087	-	192,087
Inventory	-	42,160	-	-	-	42,160
Total assets	$ 13,168	$ 67,910	$ 28,252	$ 621,945	$ 8,288,441	$ 9,019,716
Accounts payable	$ 1,505	$ 2,415	$ 16,031	$ 14,978	$ 127,991	$ 162,920
Deferred revenue	-	15,290	-	-	-	15,290
Due to related parties	87,617	282,341	-	109,604	153,482	633,044
Long term debt	-	13,798	-	-	5,128,192	5,141,990
Total liabilities	89,122	313,844	16,031	124,582	5,409,665	5,953,244
Equity	(75,954)	(245,934)	12,221	497,363	2,878,776	3,066,472
Total liabilities and equity	$ 13,168	$ 67,910	$ 28,252	$ 621,945	$ 8,288,441	$ 9,019,716

	HFN Environmental Waste Disposal Services Limited Partnership	Kleekhoot Gold Limited Partnership	Nootka Insurance Agency Limited Partnership	Tsuma-as Tseafoods Limited Partnership	Upnit Power Limited Partnership	2019 Total
Revenue	$ 51,024	$ 10,503	$ 28,138	$ 494,314	$ 1,469,159	$ 2,053,138
Expenses	72,716	104,270	16,016	209,273	1,771,931	2,174,206
	$ (21,692)	$ (93,767)	$ 12,122	$ 285,041	$ (302,772)	$ (121,068)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade payables	$ 720,689	$ 386,924
Wages payable	25,229	27,152
Vacation and overtime payable	23,789	23,134
Government remittances	27,907	17,388
Pensions payable	6,102	4,207
Employee savings plan	3,600	450
	$ 807,316	$ 459,255

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 $25,588 (2018- $20,618) for retirement benefits. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2019.

7. DEFERRED REVENUE

	2019	2018
Province of BC - Strength of claim	$ 236,927	$ -
NTC - Capital Infrastructure funds	65,485	-
NTC - Fisheries climate change study	61,978	-
Lake surveys project	48,460	-
Province of BC - Rural dividend fund	40,552	-
NTC - Comprehensive community planning	24,196	-
CMHC RRAP Program	24,093	-
Cannabis Project	18,762	-
NTC - Infrastructure climate change funds	15,000	-
Rental Income	300	1,828
	$ 535,753	$ 1,828

Deferred revenue are amounts received during the year that have not been expended during the fiscal year and will be recognized within the following fiscal year.

8. COMMITTED FUNDS

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

	2019	2018
Health & Family Services	$ 409,613	$ 369,061
Capital - Residential	223,128	223,128
Capital - Non-residential	429,174	429,174
Natural Resources	222,121	222,623
	$ 1,284,036	$ 1,243,986

9. RESERVES

	2019	2018
Social Housing Replacement Reserve	$ 18,654	$ 37,929
Social Housing Operating Reserve	17,255	10,451
	$ 35,909	$ 48,380

10. LONG-TERM DEBT

	2019	2018
Indigenous & Northern Affairs Canada treaty loan, for details see Note 18.	$ 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.	17,373	26,296
Ford Credit Corporation, repayable at $398 per month including interest at 3.49%, matures August 2018; secured by certain automotive equipment	-	1,972
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.	32,815	58,691
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	680,462	750,762

10. LONG-TERM DEBT, continued

	2019	2018
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)	159,932	180,817
All Nations Trust Company, repayable at $2,719 per month including interest at 1.53% per annum, guaranteed by Hupacasath First Nation and the Federal Government, renewal date is December 2017 (matures October 2032)	401,703	427,263
NEDC, repayable at $1,480 per month including interest at 8% per annum; secured by PPSA and a promissory note of the First Nation.	31,539	46,244
NEDC, repayable at $2,808 per month including interest at 8% per annum, matures December 2023; secured by PPSA and a promissory note of the First Nation.	194,904	238,246
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	4,367,428	4,872,522
	$ 6,790,567	$ 7,507,224

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

2020	$ 724,399
2021	722,125
2022	717,085
2023	751,198
2024 and thereafter	3,875,760
	$ 6,790,567

11. TANGIBLE CAPITAL ASSETS

As at March 31, 2019	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2019 net book value
Automotive equipment	$ 721,207	$ 9,780	$ -	$ 730,987	$ 493,389	$ 83,212	$ -	$ 576,601	$ 154,386
Boats	315,735	1,562	(25,050)	292,247	147,058	35,844	(9,666)	173,236	119,011
Buildings	3,049,475	24,316	-	3,073,791	2,360,667	121,379	-	2,482,046	591,745
Computer equipment	155,780	25,522	-	181,302	145,590	6,239	-	151,829	29,473
Computer software	15,387	64,468	-	79,855	12,980	8,854	-	21,834	58,021
Equipment	576,633	40,830	(8,185)	609,278	352,436	76,915	-	429,351	179,927
Equipment (10 year)	318,981	6,082	-	325,063	144,215	37,785	-	182,000	143,063
Fencing	46,897	-	-	46,897	15,976	3,486	-	19,462	27,435
Infrastructure	1,274,586	-	-	1,274,586	1,126,767	22,018	-	1,148,785	125,801
Land	300,753	4,255	-	305,008	-	-	-	-	305,008
Roads and Parking Lots	237,444	-	-	237,444	64,202	11,872	-	76,074	161,370
Signage	3,100	-	-	3,100	2,583	517	-	3,100	-
Social Housing	1,460,353	-	-	1,460,353	455,060	46,367	-	501,427	958,926
	$ 8,476,331	$ 176,815	$ (33,235)	$ 8,619,911	$ 5,320,923	$ 454,488	$ (9,666)	$ 5,765,745	$ 2,854,166

HUPACASATH FIRST NATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

As at March 31, 2018	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	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 $60,316 (2018 - $36,000) pharmpod included in buildings is not being amortized as it is under construction.

12. ACCUMULATED SURPLUS

	2019	2018
Surplus per summary schedule	$ 1,827,216	$ 1,832,275
Committed funds	(1,284,036)	(1,243,986)
Contributed equity	2,045,000	2,045,000
	$ 2,588,180	$ 2,633,289

13. BUDGETED FIGURES

Budgets were not prepared for all segments and all departments in 2019. 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 Councillor and Council of the Hupacasath First Nation.

14. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2019 Budget	2019 Actual	2018 Actual
Advertising	$ **66,000**	$ 53,605	$ 43,547
Amortization	**450,000**	454,488	454,050
Bad debts	**10,000**	15,028	8,025
Basic needs	**300,000**	296,857	267,075
Community support programs	**92,000**	105,191	99,475
Consultant fees	**152,500**	189,430	181,719
Contracts	**309,600**	267,538	416,754
Custom election code	**7,500**	22,522	36,086
Fire protection	**20,000**	20,546	37,851
Fuel	**2,000**	18,880	15,402
Honorariums	**127,600**	129,865	128,354
Housing renovations	**15,000**	18,141	40,350
Insurance	**107,000**	80,781	59,545
Interest and bank charges	**7,000**	7,566	7,284
Interest on long-term debt	**207,000**	213,960	235,867
Licences, dues and fees	**18,000**	14,566	46,617
Materials and supplies	**75,000**	98,793	97,889
Meetings	**17,000**	15,541	21,262
Membership distribution	**90,000**	88,500	88,300
National Child Tax Benefit	**25,000**	19,264	21,800
Office expenses	**37,300**	42,561	37,497
Operating reserve transfers	**-**	870	2,804
Patient transportation	**25,000**	25,657	34,054
Production costs	**530,000**	1,456,393	269,822
Professional fees	**48,500**	24,876	52,066
Property tax	**2,500**	2,591	2,880
RRAP Renovations	**12,000**	42,957	45,952
Rental property costs	**15,000**	16,462	4,647
Repairs and maintenance	**73,900**	74,752	130,974
Replacement reserve transfers	**12,000**	12,000	12,000
Special needs	**10,000**	13,434	15,718
Student allowances	**13,500**	11,270	13,395
Telecommunications	**14,500**	15,834	13,132
Travel	**23,200**	34,198	29,729
Tuition - preschool	**-**	-	1,775
Utilities	**85,500**	112,694	113,162
Wages and benefits	**835,300**	910,216	943,777
	3,836,400	4,927,827	4,030,636

15. SEGMENTED INFORMATION

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 management of the First Nation. Additionally, it includes activities related to education, health and community infrastructure.

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 activities related to the treaty negotiation with the Federal Government.

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		
	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual
Revenues									
Nuu-Chah-Nulth Tribal Council	$ 1,512,100	$ 1,467,371	$ 1,694,523	$ 25,000	$ 24,558	$ 24,175	$ -	$ -	$ -
Department of fisheries and oceans	102,000	240,539	279,986	-	-	-	-	-	-
Province of BC	166,500	190,519	261,843	-	13,073	-	13,000	13,572	13,200
Interest income	195,000	192,261	208,929	-	-	-	-	-	-
Sales	-	-	2,073	-	-	-	1,000,000	2,101,504	646,798
Other revenue	796,700	769,180	550,767	-	-	-	-	115,286	60,577
Total revenue	2,772,300	2,859,870	2,998,121	25,000	37,631	24,175	1,013,000	2,230,362	720,575
Expenses									
Wages and benefits	711,300	799,945	821,886	3,000	5,904	11,927	121,000	104,365	109,965
Contracts	304,600	264,463	372,036	-	-	-	5,000	3,075	44,718
Amortization	330,000	331,292	320,853	-	-	-	75,000	76,829	87,039
Repairs and maintenance	57,400	56,217	121,400	-	-	-	11,500	10,914	2,497
Other expenses	1,641,100	1,748,270	2,005,666	22,000	31,727	11,715	875,500	1,878,305	634,684
Total expenses	3,044,400	3,200,187	3,641,841	25,000	37,631	23,642	1,088,000	2,073,488	878,903
Annual surplus (deficit)	$ (272,100)	$ (340,317)	$ (643,720)	$ -	$ -	$ 533	$ (75,000)	$ 156,874	$ (158,328)

15. SEGMENTED INFORMATION, continued

	Social Housing Fund			Trust Fund		
	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual
Revenues						
CMHC subsidies	$ 43,000	$ 43,880	$ 43,193	$ -	$ -	$ -
Rental Income	60,000	63,153	64,750	-	-	-
Interest income	-	-	-	-	822	770
Other revenue	-	-	-	-	748	755
Total revenue	103,000	107,033	107,943	-	1,570	1,525
Expenses						
Amortization	45,000	46,367	46,158	-	-	-
Interest on long-term debt	12,000	11,261	11,032	-	-	-
Repairs and maintenance	5,000	7,621	7,077	-	-	-
Other expenses	41,000	41,784	43,676	-	-	-
Total expenses	103,000	107,033	107,943	-	-	-
Annual surplus (deficit)	$ -	$ -	$ -	$ -	$ 1,570	$ 1,525

16. PRIOR PERIOD ADJUSTMENT

In the 2018 year a prior period adjustment was made to correct the investment in Tsumas-as Tseafoods LP. The effect of the correction in the 2017 year is an increase in net income of $26,623, a decrease in equity of 24,347, and a increase in Investments in Tsumas-as Tseafoods LP of $2,246. The effect in the 2018 year is a increase in equity of $2,246 and an increase in Investment in Tsumas-as Tseafoods LP of $2,246. There are no prior period adjustments made in the 2019 year.

17. ECONOMIC DEPENDENCE

Hupacasath First Nation receives a significant portion of its operating revenues pursuant to funding arrangement with Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) as a result of funding agreements entered into with the Government of Canada. These arrangements are administered by CIRNAC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

18. TREATY LOAN FROM CROWN-INDIGENOUS RELATIONS AND NORTHERN AFFAIRS CANADA

During the current year, the First Nation received no funding from the BC Treaty Commission. See subsequent events note 21 for further information.

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;

	2019	2018
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 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, 2019 is $305,518.46 (2018 - $329,038)

b) The First Nation was 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, 2019 was $0 (2018 - $66,250). 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 $109,284 (2018 - 117,691) 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, 2019 is $40,626 (2018 - $54,168).

20. 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.

21. SUBSEQUENT EVENTS

On July 22, 2019 the First Nation received notification that the Minister of Crown-Indigenous Relations intends on forgiving all Treaty loans to the Nation. This is expected to occur within the subsequent fiscal year.