MOWACHAHT/MUCHALAHT FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

Mowachaht/Muchalaht First Nation

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Mowachaht/Muchalaht First Nation are the responsibility of management and have been approved by the Council of Chiefs.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

The external auditors, Allemekinders & Company, conduct an independent examination, in accordance with Canadian generally accepted auditing standards on behalf of their members. The external auditors has full and free access to the Council of Chiefs and management of the Mowachaht/Muchalaht First Nation and meet when required.

On behalf of Mowachaht/Muchalaht First Nation :

December 12, 2019

ALLEMEKINDERS & COMPANY

CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Members,
Mowachaht/Muchalaht First Nation

Opinion

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

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

Basis for Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 Nation or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

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.

Allemekinders & Company

Chartered Professional Accountant

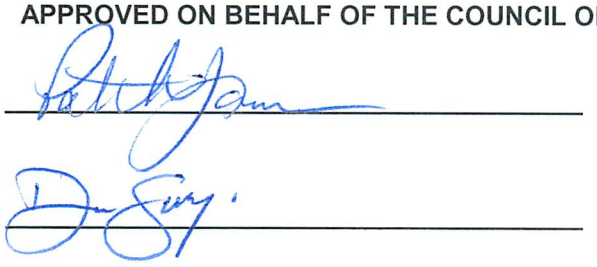
Campbell River, BC
December 12, 2019

MOWACHAHT/MUCHALAHT FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEAR ENDED MARCH 31, 2019

	Notes	2019 $	2018 $
Financial assets			
Cash and cash equivalents	3	2,828,503	2,239,270
Accounts receivable	4	344,655	547,011
Short term investments	5	2,528,778	2,030,526
Funds held in trust by government	6	5,158,242	4,936,176
Investment in government business entities	7	2,973,908	5,615,508
		13,834,086	15,368,491
Liabilities			
Accounts payable and accrued liabilities	8	609,398	483,634
Employee benefit obligations	9	68,895	64,827
Due to related entities	10	1,595	72,230
Deferred revenues	11	461,273	502,870
Long-term debt	12	2,698,175	2,751,355
		3,839,336	3,874,916
Net financial assets		9,994,750	11,493,575
Non-financial assets			
Deferred expenditures	13	306,497	70,374
Tangible capital assets	14	10,141,543	9,828,251
		10,448,040	9,898,625
Accumulated surplus	15	20,442,790	21,392,200

Contingent liabilities (Note 16)

APPROVED ON BEHALF OF THE COUNCIL OF CHIEFS



MOWACHAHT/MUCHALAHT FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2019

	2019 Budget (Note 20) $	2019 $	2018 $
Revenues			
Nuu-chah-nulth Tribal Council	2,473,085	2,642,308	3,570,288
Province of British Columbia	442,285	491,519	303,112
CMHC	69,000	77,216	159,740
First People's Heritage, Language & Cultural	0	48,790	0
First Nations Education Steering Committee	0	5,000	46,998
BC Museums Association	0	0	50,000
Vancouver Island Health Authority	0	0	10,000
Other sources:			
Cooperation agreements	225,000	302,277	217,371
Interest and settlement interest	0	228,647	153,465
Rental income	183,100	171,200	167,211
Government business entities	0	109,415	170,783
Road use permits	0	106,052	80,000
Miscellaneous	41,500	109,352	108,946
Subsidies and user fees	51,500	72,028	50,434
Marina & tourism revenue	30,000	39,054	35,949
Contracts and fees	80,000	11,824	19,300
Licenses and lease income	0	0	119,229
Matchlee Limited Partnership	0	0	50,000
	3,595,470	4,414,682	5,312,826
Expenses			
Administration	1,103,047	1,183,863	921,974
Public works	437,500	367,147	344,775
Health & social development programs	725,490	798,374	695,584
Education programs	316,582	354,744	330,165
Culture & community development	163,600	279,311	178,319
Economic development	66,600	95,235	54,857
Intergovernmental issues	480,000	397,111	66,621
Resource management & development	623,077	441,463	254,028
Capital projects	95,592	188,161	295,982
Housing programs	341,930	272,030	255,923
Treaty negotiations	0	6,833	10,857
Government business entities	0	223,029	219,107
Amortization and loss on disposal of assets	0	756,791	525,965
	4,353,418	5,364,092	4,154,157
Annual surplus (deficit)	(757,948)	(949,410)	1,158,669
Accumulated surplus, beginning of Year	21,392,200	21,392,200	20,233,531
Accumulated surplus, end of year	20,634,252	20,442,790	21,392,200

See accompanying notes to the consolidated financial statements.

MOWACHAHT/MUCHALAHT FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2019

	2019 Budget (Note 20) $	2019 $	2018 $
Annual surplus (deficit)	(757,948)	(949,410)	1,158,669
Tangible capital assets			
Acquisition of capital assets	(962,886)	(1,078,583)	(1,148,870)
Amortization of capital assets	0	564,157	525,498
Proceeds on disposal of capital assets	0	11,000	1,000
Loss (gain) on disposal of capital assets	0	190,134	467
	(962,886)	(313,292)	(621,905)
Consumption (acquisition) of deferred expenses	0	(236,123)	(2,666)
	0	(236,123)	(2,666)
Change in net financial assets	(1,720,834)	(1,498,825)	534,098
Net financial assets, beginning of year	11,493,575	11,493,575	10,959,477
Net financial assets, end of year	9,772,741	9,994,750	11,493,575

See accompanying notes to the consolidated financial statements.

MOWACHAHT/MUCHALAHT FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2019

	2019 $	2018 $
Operating transactions		
Annual surplus (deficit) [1]	(949,410)	1,158,669
Non-cash items included in annual surplus (deficit)	645,839	391,538
Changes in working capital accounts	(16,167)	(682,536)
	(319,738)	867,671
Capital transactions		
Purchase of capital assets	(1,078,583)	(1,148,870)
Proceeds on sale of capital assets	11,000	1,000
	(1,067,583)	(1,147,870)
Investing transactions		
Investment in Nation business entities	(1,014)	(2,841)
Recovery from Nation business entities	2,529,000	52,000
	2,527,986	49,159
Financing transactions		
Repayment of long term debt	(53,180)	(82,559)
	(53,180)	(82,559)
Increase (decrease) in cash and equivalents	1,087,485	(313,599)
Cash and equivalents, beginning of year	4,269,796	4,583,395
Cash and equivalents, end of year	5,357,281	4,269,796
Represented by:		
Cash and cash equivalents	2,828,503	2,239,270
Short term investments	2,528,778	2,030,526
	5,357,281	4,269,796

[1] Interest received outside of Ottawa Trust accounts during the year was $114,015 (2018 - $52,123). Interest paid during the year was $16,165 (2018 - $17,201). Interest received is made up of the interest income from the Statement of Operations. Interest paid is made up of the interest on long term debt portion of the interest expense from the Statement of Operations in the amount of $16,083 (2018 - $17,094) plus the change in the accrued interest payable in the amount of $82 (2018 - $107).

See accompanying notes to the consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, which encompass the following principles:

a) Reporting Entity

The Mowachaht/Muchalaht First Nation reporting entity includes the Mowachaht/Muchalaht First Nation government and all related entities that are either owned or controlled by the Nation. Control is defined as the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the government from the other organization's activities. Control exists regardless of whether the government chooses not to exercise its power to govern so long as it has the ability to govern. Control must exist at the financial statement date, without the need to amend agreements.

b) 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. These enterprises are included in the Consolidated Financial Statements on a modified equity basis.

Consolidation Method

This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. The method reports the organizations as if they were one organization. The organizations included through the consolidation method are:

- Mowachaht/Muchalaht First Nation government administration
- Mowachaht/Muchalaht First Nation housing programs

Modified Equity Method

This method reports only a Government's investment in and the net income or loss of the organization. No adjustment is made for accounting policies of the enterprise that are different from those of the Nation. In addition, any amounts receivable or payable are consolidated in the financial statements after eliminating any intercompany transactions and balances. The organizations included through the modified equity method are:

- 447839 BC Ltd.
- 1008653 BC Ltd.
- 1129958 BC Ltd.
- 1198759 BC Ltd.
- Nootka First Nation Forest Products Ltd.
- Matchlee General Partner Ltd.
- Matchlee Limited Partnership
- Nuu-chah-nulth Seafood Limited Partnership

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Asset Classification

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

d) Cash

Cash and cash equivalents include cash on hand, balances with banks net of bank overdraft 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. Cash and cash equivalents are recorded at cost.

e) Portfolio investments

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

- Nuu-chah-nulth Seafood Development Corp.

f) Financial Instruments

The First Nation's financial instruments consist of cash, accounts receivable, temporary and long-term investments, accounts payable, amounts due to (from) related parties and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant currency or credit risks arising from these financial instruments. The First Nation is exposed to interest rate risk on its long term debt which is based on fluctuations in prime interest rates. The First Nation does not use any hedges or contracts to manage the exposure to interest rate fluctuations. A 1% change in interest rates would not have significantly impacted the cash flows during the year.

g) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation with a corresponding amount recorded as revenue. Tangible capital assets under construction are not amortized until the asset is available or use.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Community buildings	40 years
Housing and minor buildings	15-25 years
Community infrastructure	20-40 years
Equipment and furnishings	5-15 years
Computer and technology equipment	5 years
Automotive & vessels	5-10 years

When management determines that a tangible capital asset no longer contributes to the Nation's ability to provide goods and services or that the value of future benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down.

All intangible assets and items inherited by right of the Nation, such as land, forests, water, natural resources and cultural and historic assets, are not recognized in the Nation's consolidated financial statements.

h) Employee Benefit Obligations

The Nation maintains a defined contribution pension plan for its staff. Expenses for this plan are equal to the Nation's required contribution for the year.

i) Net Debt

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

j) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

k) Comparative Figures

Prior year's comparative figures have been reclassified where necessary to conform with the current year's presentation.

l) Measurement Uncertainty

In preparing the consolidated financial statements for the Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include valuation allowances for accounts receivable and amortization of capital assets. Actual results could differ from these estimates.

2. ECONOMIC DEPENDENCE

The First Nation receives the major portion of its operating revenues pursuant to an agreement referred to as "Canada First Nation Funding Agreement" (CFNFA) which continues to March 31, 2020.

3. CASH AND CASH EQUIVALENTS

Replacement Reserve - Under the terms of agreements with Canada Mortgage and Housing Corporation, Mowachaht/Muchalaht First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

Operating Reserve - Under the terms of the agreements with Canada Mortgage and Housing Corporation, excess federal assistance payments received are to be retained in subsidy surplus and operating reserve accounts. The reserves are to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in this account may only be used to meet future program requirements.

3. CASH AND CASH EQUIVALENTS (continued)

Cash and cash equivalents is comprised of the following:

	2019 $	2018 $
Externally restricted		
Treaty account	0	39,218
Replacement reserve	78,741	89,951
Operating reserve	23,871	18,840
	102,612	148,009
Unrestricted		
General accounts	2,406,395	1,719,240
Cash and other accounts	319,496	372,021
	2,725,891	2,091,261
Total Cash and Cash Equivalents	2,828,503	2,239,270

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2019 $	2018 $
Due from members:		
Member loans and advances	15,953	25,977
Member rent and utility arrears	127,461	120,587
	143,414	146,564
Less: Allowance for doubtful accounts	(143,414)	(146,564)
	0	0
Due from others:		
Nuu-chah-nulth Tribal Council	139,595	385,511
Government ministries and agencies	170,059	50,602
C.M.H.C.	5,752	39,752
Sales tax recoveries	19,397	10,136
General receivables	9,852	63,961
	344,655	549,962
Less: Allowance for doubtful accounts	0	(2,951)
	344,655	547,011
Net accounts receivable	344,655	547,011

5. SHORT TERM INVESTMENTS

	2019 $	2018 $
Term deposit - 12 month 2 day term to November 18, 2019 with interest at 2.43% per annum	655,842	0
Term deposit - 12 month 2 day term to November 18, 2019 with interest at 2.43% per annum	655,842	0
Term deposit - 12 month 2 day term to November 18, 2019 with interest at 2.43% per annum	706,291	0
Term deposit - 36 month term to January 8, 2021 with interest at 2.05% and escalating annually.	510,803	501,933
Term deposit - 60 month term to April 1, 2021 with interest at 1.20% and escalating annually redeemed July 3, 2018	0	511,022
Term deposit - 60 month term to June 20, 2021 with interest at 1.20% and escalating annually redeemed October 2, 2018	0	509,549
Term deposit - 36 month term to September 30, 2019 with interest at 1.20% and escalating annually redeemed October 2, 2018	0	508,022
	2,528,778	2,030,526

6. FUNDS HELD IN TRUST BY GOVERNMENT

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

	2018 $	Income $	Received $	Withdrawals $	2019 $
Revenue accounts:					
Cash account	4,363,114	222,066	316,132	0	4,901,312
Receivable	312,849	0	(256,132)	0	56,717
Deferred revenue	0	0	(60,000)	0	(60,000)
Capital accounts:					
Cash account	260,213	0	0	0	260,213
	4,936,176	222,066	0	0	5,158,242

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES & PARTNERSHIPS

The Nation owns 16.67% of the shares of Nuu-chah-nulth Seafood Development Corporation.

The Nation owns 100% of the shares of 447839 BC Ltd., 1008653 BC Ltd., 1129958 BC Ltd., 1198759 BC Ltd., Nootka First Nation Forest Products Ltd. (now dissolved), and Matchlee General Partner Ltd..

The Nation has limited partner interests of 99.9% in the Matchlee Limited Partnership and 16.67% in the Nuu-chah-nulth Seafood Limited Partnership.

The Nation's investments in government business enterprises and partnerships consist of the following:

	2019 $	2018 $
Portfolio Investments		
Nuu-chah-nulth Seafood Development Corporation	21	21
Government Business Enterprises		
447839 BC Ltd.	6	6
1008653 BC Ltd.	5	5
1129958 BC Ltd.	1	1
1198759 BC Ltd.	5	0
Nootka First Nation Forest Products Ltd.	0	70
Matchlee General Partner Ltd.	3,856	4,078
Government Business Partnerships		
Matchlee Limited Partnership	2,495,736	5,217,464
Nuu-chah-nulth Seafood Limited Partnership	474,278	393,863
	2,973,908	5,615,508

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES & PARTNERSHIPS (continued)

The following table presents condensed and summarized financial information for the most recent year ends for these commercial enterprises:

DESCRIPTION	Government Business Enterprises	Government Business Partnerships
Assets		
Current	11	6,400,261
Capital & Other	6,857	519,650
	6,868	6,919,911
Liabilities		
Current	3,001	978,984
Long Term	565,666	417,867
	568,667	1,396,851
Partner's Interest	0	2,523,824
Net Assets (Liabilities)	(561,799)	2,999,236
Total Revenues	0	1,077,166
Total Expenses	1,230	634,113
Net Income (Loss) for the Year	(1,230)	443,053

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019 $	2018 $
Trade payables	271,617	258,185
Accrued salaries and benefits payable	104,417	45,734
Nuu-chah-nulth Tribal Council	14,066	114,654
Other accrued liabilities	219,298	65,061
	609,398	483,634

9. EMPLOYEE BENEFIT OBLIGATIONS

	2019 $	2018 $
Vacation and overtime	62,580	51,370
Pension plan contributions	6,315	13,457
	68,895	64,827

Vacation and overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

Pension plan

The Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary. The Nation contributes 5% which contributions are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of 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 Nation contributed during the year $58,377 (2018- $51,606) for retirement benefits. The Nation does not have any other obligations with regards to the pension plan as at March 31, 2019.

10. DUE TO RELATED ENTITIES

	2019 $	2018 $
Current Operating Advances due to (from):		
Matchlee Limited Partnership	0	9,824
447839 BC Ltd.	1,589	1,589
1129958 BC Ltd.	1	1
1198759 BC Ltd.	5	0
Nootka First Nation Forest Products Ltd.	0	60,816
	1,595	72,230

Current operating advances to related entities have been funded from working capital and are unsecured, non-interest bearing and due on demand.

11. DEFERRED REVENUES

	2018 $	Funding received $	Revenue Recognized $	2019 $
Nuu-chah-nulth Tribal Council				
Water System Upgrade - Design	77,105	0	(77,105)	0
Daycare Capital Project	0			0
Daycare Cultural Programming	18,416	0	(18,416)	0
Specific Claims	16,124	47,720	(57,618)	6,226
Capital Infrastructure	170,633	127,699	(67,423)	230,909
	282,278	175,419	(220,562)	237,135
Provincial Government				
Ministry of Forests, Lands, Natural Resource Operations & Rural Development	81,968	0	0	81,968
Strategic Forestry Iniative	74,752	0	0	74,752
Rural Dividend Grant	10,000	0	(2,386)	7,614
Clean Energy Capacity	21,871	0	(21,871)	0
BCCF MYAP	30,000	0	0	30,000
Other agencies	2,001	39,000	(11,197)	29,804
	220,592	39,000	(35,454)	224,138
	502,870	214,419	(256,016)	461,273

12. LONG-TERM DEBT

	2019 $	2018 $
All Nations Trust Company		
Term Loan (CMHC Phase 2)	113,290	125,497
Term Loan (CMHC Phase 3)	745,084	786,057
Nuu-chah-nulth Tribal Council (BC Treaty Commission)		
Treaty Negotiation Loan	1,839,801	1,839,801
	2,698,175	2,751,355

a) All Nations Trust Company - Term Loan (CMHC Phase 2)

The Nation has entered into a loan for the construction of 6 housing units referred to as CMHC Phase 2 with the All Nations Trust Company which is repayable in monthly blended payments of $1,199, including interest based on 120 month amortization with an interest rate of 1.84% per annum. The loan is due for renewal on September 1, 2022. The net book value of the housing units at March 31, 2019 is $328,821

b) All Nations Trust Company - Term Loan (CMHC Phase 3)

The Nation has entered into a loan for the construction of 9 housing units referred to as CMHC Phase 3 with the All Nations Trust Company which is repayable in monthly blended payments of $4,573, including interest based on 238 month amortization with an interest rate of 1.83% per annum. The loan is due for renewal on December 1, 2019. The net book value of the housing units at March 31, 2019 is $812,143

c) Nuu-chah-nulth Tribal Council (BC Treaty Commission)- Treaty Negotiation Loan

The Nation has entered into a loan for funding of treaty negotiations with the BC Treaty Commission through the Nuu-chah-nulth Tribal Council which is repayable only from the earlier of September 2, 2021, the date of signing a treaty, seven years from the date of signing an Agreement-in-Principal or on the date the loan agreement is terminated. The loan remains interest free until it becomes due and payable. Once the loan is due and payable interest will be charged at a rate equal to that charged by the Consolidated Revenue Fund to provincial crown corporations.

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

Year ended March 31, 2020	$54,028
Year ended March 31, 2021	$55,073
Year ended March 31, 2022	$56,086
Year ended March 31, 2023	$57,119
Year ended March 31, 2024	$58,170

13. DEFERRED EXPENDITURES

Deferred expenditures represent payments made before March 31, 2019 which will be funded from future year's revenues.

	2019 $	2018 $
Prepaid Social Assistance payments	18,817	15,674
Prepaid expenditures	287,680	54,700
	306,497	70,374

14. TANGIBLE CAPITAL ASSETS

	Community Infrastructure Systems $	Community Buildings $	Housing $	Vehicles, Vessels & Equipment $	Total $
Year ended March 31, 2019					
Cost					
Opening	7,365,105	6,611,126	3,513,956	573,954	18,064,141
Acquisitions	299,033	538,799	0	240,751	1,078,583
Disposals	0	(450,000)	0	(37,985)	(487,985)
Closing	7,664,138	6,699,925	3,513,956	776,720	18,654,739
Accumulated amortization					
Opening	2,972,724	2,746,225	2,121,641	395,300	8,235,890
Amortization	206,074	169,211	140,559	48,313	564,157
Disposals	0	(253,125)	0	(33,726)	(286,851)
Closing	3,178,798	2,662,311	2,262,200	409,887	8,513,196
Net book value	4,485,340	4,037,614	1,251,756	366,833	10,141,543
Year ended March 31, 2018					
Cost					
Opening	6,263,387	6,603,734	3,513,956	556,194	16,937,271
Acquisitions	1,101,718	7,392	0	39,760	1,148,870
Disposals	0	0	0	(22,000)	(22,000)
Closing	7,365,105	6,611,126	3,513,956	573,954	18,064,141
Accumulated amortization					
Opening	2,794,921	2,579,777	1,981,082	375,145	7,730,925
Amortization	177,803	166,448	140,559	40,688	525,498
Disposals	0	0	0	(20,533)	(20,533)
Closing	2,972,724	2,746,225	2,121,641	395,300	8,235,890
Net book value	4,392,381	3,864,901	1,392,315	178,654	9,828,251

15. ACCUMULATED SURPLUS

	2019 $	2018 $
Externally Restricted:		
Funds held in trust by government	5,158,242	4,936,176
Housing replacement reserve	78,741	89,951
Housing operating reserve	23,871	18,840
Treaty negotiation funds	0	39,218
	5,260,854	5,084,185
Internally Restricted:		
Invested in tangible capital assets	7,443,368	7,076,896
Invested in government business entities	2,973,908	5,615,508
Other internally restricted:		
Health & Social Development	332,502	390,112
Education	235,310	237,738
Fisheries Litigation	42,424	36,240
Economic Opportunity Fund	0	292,724
Residential Housing	35,283	24,066
	11,062,795	13,673,284
Unrestricted surplus	4,119,141	2,634,731
Accumulated surplus at end of year	20,442,790	21,392,200

16. CONTINGENT LIABILITIES

The Nation has entered into contribution agreements with the Nuu-chah-nulth Tribal Council and various federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, the Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Nation's financial statements.

17. SCHEDULE OF EXPENDITURES BY OBJECT

The following is a summary of expenses by object:

	2019 $	2018 $
Wages and payroll costs	1,780,723	1,546,212
Contract and subcontract costs	488,703	267,231
Direct member benefits	390,476	253,942
Consulting and professional fees	332,802	186,479
Travel	257,888	165,191
Repairs and maintenance	154,296	131,548
Utilities	146,407	145,732
Materials and supplies	117,491	98,246
Insurance	97,658	93,448
Medical travel	90,965	80,764
Residential construction costs	84,375	111,772
Funeral support, donations and gifts	75,375	111,028
Equipment costs	61,864	37,914
Honoraria	52,878	23,450
Training	51,641	21,554
Meeting and workshop costs	47,803	22,557
Social Program costs	42,996	32,573
Telecommunications	40,445	24,598
Miscellaneous	25,597	15,983
Vehicle costs	22,508	17,836
Interest and bank charges	21,381	21,027
Amortization	564,157	525,498
Loss on disposal of assets	192,634	467
Investments - Share of net loss	223,029	219,107
	5,364,092	4,154,157

18. GOVERNMENT TRANSFERS

	2019 $	2018 $
Revenue		
Nuu-chah-nulth Tribal Council	2,642,308	3,570,288
Canada Mortgage and Housing Corporation	77,216	159,740
Canadian Food Inspection Agency	13,135	13,852
Province of British Columbia	491,519	303,112
	3,224,178	4,046,992

19. RELATED PARTY TRANSACTIONS

The following summarizes the Nation's related party transactions for the year:

	2019 $	2018 $
Revenue		
Contracts and fees		
Matchlee Limited Partnership	0	59,480

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of services or supply of product or services.

20. BUDGET FIGURES

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates prepared by Management and presented to the Council of Chiefs for review and approval.

21. SEGMENT DISCLOSURE

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed:

General Administration

General Administration contains activities that are needed to manage and administer the Nation's organization.

Public Works

Public Works contains all activities that relate to the operations, maintenance, development, construction and financing of buildings, infrastructure and land of the Nation.

Housing

Housing contains activities that relate to on reserve housing.

21. SEGMENT DISCLOSURE (continued)

Health & Social Development

Health & Social Development contains activities that provide health services, medical services, financial support or support by other means to members that is aimed at developing both the individual as well as the community.

Education

Education contains activities that provide education and facilitate educational opportunities to members for primary, secondary schooling and adult vocational training.

Culture & Community Development

Culture & Community Development contains activities that are involved in the development of the cultural and interpersonal aspects of the community.

Economic Development

Economic Development contains activities that are involved in the development and operation of economic opportunities.

Intergovernmental Issues

Intergovernmental Issues contains activities that are involved in negotiation and litigation between the Nation and other levels of government outside of the Treaty process.

Resource Management & Development

Resource Management & Development contains activities that are involved in the management and development of natural resource opportunities and areas of interest.

Treaty

Treaty contains activities associated with the treaty negotiations between the Nation, the province and the federal government.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the period are as follows:

21. SEGMENT DISCLOSURE (continued)

	General Administration		Public Works		Housing		Health & Social Development	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Revenue								
Tribal Council	844,155	743,406	325,292	1,371,252	95,592	93,979	792,056	816,850
Federal	0	0	0	0	77,216	159,740	0	0
Provincial	0	0	156,542	3,129	0	0	30,000	0
Other	349,388	242,457	101,273	145,651	163,410	164,221	9,845	13,717
	1,193,543	985,863	583,107	1,520,032	336,218	417,940	831,901	830,567
Expenses								
Salaries & benefits	860,879	701,704	107,259	107,686	88,961	85,797	191,684	206,066
Interest	0	0	0	0	16,083	17,094	0	0
Amortization	0	0	423,598	385,406	140,559	140,559	0	0
Loss on disposal	0	0	192,634	0	0	0	0	0
Other	322,984	220,270	367,500	345,850	280,661	375,918	673,772	550,909
	1,183,863	921,974	1,090,991	838,942	526,264	619,368	865,456	756,975
Transfers	113,786	13,470	534,287	87,000	215,130	134,989	(24,055)	0
Annual Surplus (Deficit)	123,466	77,359	26,403	768,090	25,084	(66,439)	(57,610)	73,592

ALLEMEKINDERS & COMPANY

21. SEGMENT DISCLOSURE (continued)

	Education		Culture & Community Development		Economic Development		Intergovernmental Issues	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Revenue								
Tribal Council	285,813	281,165	14,655	77,116	0	0	89,946	51,694
Federal	0	0	53,323	0	0	0	0	0
Provincial	0	0	0	0	294,096	298,326	0	0
Other	124,283	123,629	14,697	53,600	452,496	431,657	0	0
	410,096	404,794	82,675	130,716	746,592	729,983	89,946	51,694
Expenses								
Salaries & benefits	221,238	232,738	77,243	70,412	16,980	5,601	41,463	0
Interest	0	0	0	0	0	0	0	0
Amortization	0	0	0	0	0	0	0	0
Loss on disposal	0	0	0	0	0	0	0	0
Other	220,341	172,439	202,068	107,907	352,284	307,162	355,648	66,621
	441,579	405,177	279,311	178,319	369,264	312,763	397,111	66,621
Transfers	29,055	2,500	196,636	47,603	(1,869,770)	(310,873)	448,037	(13,470)
Annual Surplus (Deficit)	(2,428)	2,117	0	0	(1,492,442)	106,347	140,872	(28,397)

ALLEMEKINDERS & COMPANY

21. SEGMENT DISCLOSURE (continued)

	Resource Management & Development		Treaty		Elimination of inter segment transactions		Consolidated Total	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Revenue								
Tribal Council	194,799	134,826	0	0	0	0	2,642,308	3,570,288
Federal	13,135	19,102	0	0	0	0	143,674	178,842
Provincial	10,881	1,657	0	0	0	0	491,519	303,112
Other	241,867	367,785	0	0	(320,078)	(282,133)	1,137,181	1,260,584
	460,682	523,370	0	0	(320,078)	(282,133)	4,414,682	5,312,826
Expenses								
Salaries & benefits	175,016	136,210	0	0	0	0	1,780,723	1,546,214
Interest	0	0	0	0	0	0	16,083	17,094
Amortization	0	0	0	0	0	0	564,157	525,965
Loss on disposal	0	0	0	0	0	0	192,634	0
Other	348,482	189,084	6,833	10,857	(320,078)	(282,133)	2,810,495	2,064,884
	523,498	325,294	6,833	10,857	(320,078)	(282,133)	5,364,092	4,154,157
Transfers	389,279	38,781	(32,385)	0	0	0	0	0
Annual Surplus (Deficit)	326,463	236,857	(39,218)	(10,857)	0	0	(949,410)	1,158,669