

**Huu-ay-aht First Nations**  
**Consolidated Financial Statements**  
For the year ended March 31, 2018

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For the year ended March 31, 2018

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## Management's Responsibility for Financial Reporting

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The accompanying consolidated financial statements of the Huu-ay-aht First Nations (the "Nations") are the responsibility of management and have been approved by the Executive Council of the Nations.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

Management maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nations' assets are appropriately accounted for and adequately safeguarded.

The Executive Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Executive Council reviews the Nations' consolidated financial statements and recommends their approval to the board. The Executive Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report. The Executive Council takes this information into consideration when approving the consolidated financial statements for issuance to the citizens. The Executive Council also appoints the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the citizens. BDO Canada LLP has full access to the Nations.



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Executive Director



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## Independent Auditor's Report

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### To the Citizens of Huu-ay-aht First Nations

We have audited the accompanying consolidated financial statements of Huu-ay-aht First Nations (the "Nations"), which comprise the Consolidated Statement of Financial Position as at March 31, 2018 and the Consolidated Statements of Change in Net Financial Assets, Operations and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



## Opinion

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

*BDO Canada LLP*


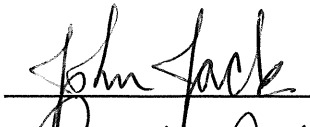

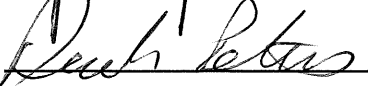
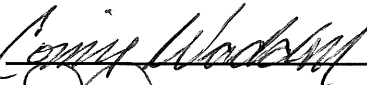
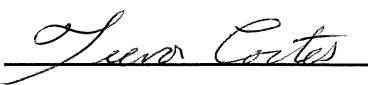
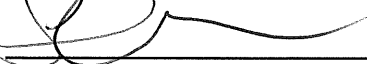
Chartered Professional Accountants

Vancouver, British Columbia  
September 6, 2018

**Huu-ay-aht First Nations**  
**Exhibit A - Consolidated Statement of Financial Position**

As at March 31	2018	2017
<b>Financial Assets</b>		
Cash (Note 1)	\$ 18,196,342	\$ 4,844,466
Restricted cash (Note 2)	63,671	62,978
Accounts receivable (Note 3)	955,958	283,839
Due from related parties (Note 7)	2,501,643	2,260,092
Wealth funds held in trust (Note 4)	13,834,082	12,396,020
Settlement funds held in trust (Note 4)	1,030,877	925,266
Investment in the Nations' business entities (Note 10)	12,375,879	9,903,871
	<b>48,958,452</b>	<b>30,676,532</b>
<b>Liabilities</b>		
Bank indebtedness (Note 12)	980,000	960,000
Accounts payable and accrued liabilities	3,456,808	1,378,453
Deferred revenue (Note 5)	41,822	65,616
Long term debt (Note 6)	2,862,059	3,553,870
Fund held in trust (Note 14)	1,800,329	-
	<b>9,141,018</b>	<b>5,957,939</b>
<b>Net Financial Assets</b>	<b>39,817,434</b>	<b>24,718,593</b>
<b>Non-financial Assets</b>		
Prepaid expense	229,990	303,549
Tangible capital assets (Note 8)	22,999,712	17,370,165
	<b>23,229,702</b>	<b>17,673,714</b>
<b>Accumulated Surplus (Note 9)</b>	<b>\$ 63,047,136</b>	<b>\$ 42,392,307</b>

Approved on behalf of the Executive Council:

 _____	Chief Councilor	 _____	Councilor
 _____	Councilor	 _____	Councilor
 _____	Councilor	 _____	Councilor
 _____	Councilor		

**Huu-ay-aht First Nations**

**Exhibit B - Consolidated Statement of Change in Net Financial Assets**

	<b>2018</b>	<b>2017</b>
<b>Surplus - Exhibit C</b>	<b>\$ 20,654,829</b>	<b>\$ 2,360,563</b>
Purchases of tangible capital assets	(6,622,908)	(622,263)
Amortization of tangible capital assets	993,361	865,294
Change in prepaids	73,559	(198,425)
	<b>(5,555,988)</b>	<b>44,606</b>
<b>Increase in net financial assets</b>	<b>15,098,841</b>	<b>2,405,169</b>
<b>Net financial assets, beginning of year</b>	<b>24,718,593</b>	<b>22,313,424</b>
<b>Net financial assets, end of year</b>	<b>\$ 39,817,434</b>	<b>\$ 24,718,593</b>

## Huu-ay-aht First Nations

### Exhibit C - Consolidated Statement of Operations

	Budget	2018	2017
	(Note 13)		
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	\$ 6,138,830	\$ 20,435,782	\$ 6,124,517
Industry funds	-	11,871,073	2,110,780
Investment income	425,000	1,496,265	1,085,993
Other revenue	3,212,500	2,442,875	85,327
Province of British Columbia	149,322	151,113	201,967
Nuu-chah-nulth Tribal Council	78,000	183,416	164,106
Canada Mortgage and Housing Corporation	-	26,235	26,152
Cost recoveries	-	764,074	420,335
Earnings from investment in the Nations' business partnerships (Note 10)	-	2,880,576	1,633,441
Loss from investment in the Nations' business enterprise (Note 10)	-	(1,051)	(1,238)
	<u>10,003,652</u>	<u>40,250,358</u>	<u>11,851,380</u>
<b>Expenses</b>			
Government services	4,960,685	4,622,925	4,793,983
Economic Development	727,848	537,865	256,053
Community Services	2,621,247	3,495,159	1,711,197
Special Program	10,274,925	10,939,580	2,729,584
	<u>18,584,705</u>	<u>19,595,529</u>	<u>9,490,817</u>
<b>Annual surplus (deficit)</b>	(8,581,053)	20,654,829	2,360,563
<b>Accumulated surplus, beginning of the year</b>	42,392,307	42,392,307	40,031,744
<b>Accumulated surplus, end of the year</b>	\$ 33,811,254	\$ 63,047,136	\$ 42,392,307



## Huu-ay-aht First Nations

### Exhibit D - Consolidated Statement of Cash Flows

For the year ended March 31	2018	2017
<b>Operating transactions</b>		
Annual surplus	\$ 20,654,829	\$ 2,360,563
Non-cash items		
Amortization	993,361	865,294
Earnings from investment in the Nations' business partnerships	(2,880,576)	(1,633,441)
Loss from investment in the Nations' business enterprises	1,051	1,238
Changes in working capital accounts		
Accounts receivable	(672,119)	133,043
Accounts payable and accruals	2,078,355	589,715
Deferred revenue	(23,794)	64,267
Prepaid expenses	73,559	(198,425)
Funds held in trust	256,656	(1,926,628)
<b>Cash flows from operating transactions</b>	<b>20,481,322</b>	<b>255,626</b>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(6,622,908)	(622,263)
<b>Investing transactions</b>		
Increase (decrease) in restricted cash	(693)	(2,069)
Capital draws from investment in the Nations' business partnership	538,517	-
Investment in the Nations' business partnerships	(131,000)	(1,000,000)
<b>Cash flows from investing transactions</b>	<b>(6,216,084)</b>	<b>(1,624,332)</b>
<b>Financing transactions</b>		
Repayment of long term debt	(691,811)	(669,857)
Bank indebtedness	20,000	-
Advance to related parties	-	(1,800,000)
Advance from related parties	(241,551)	2,395,141
<b>Cash flows from financing transactions</b>	<b>(913,362)</b>	<b>(74,716)</b>
<b>Net increase (decrease) in cash</b>	<b>13,351,876</b>	<b>(1,443,422)</b>
<b>Cash, beginning of year</b>	<b>4,844,466</b>	<b>6,287,888</b>
<b>Cash, end of year</b>	<b>\$ 18,196,342</b>	<b>\$ 4,844,466</b>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

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# Huu-ay-aht First Nations

## Summary of Significant Accounting Policies

March 31, 2018

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**Basis of Presentation** These consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards.

The Huu-ay-aht First Nations (the "Nations") is under self government effective April 1, 2011.

The formation under self-government has also brought access to Wealth Fund (Note 4) and Settlement Trust Funds (Note 4).

**Program Accounting** The Nations use 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 purpose of presentation in the Consolidated Financial Statements. The Nations maintain the following funds:

Operating Fund

Reports all government administration activities and related operating activities that are fully or partially funded by government or their agencies.

Capital Fund

Reports the capital assets of the Nations together with their related financing.

Business Fund

Reports on assets, liabilities and activities of the investments owned or controlled by the Nations.

Trust Fund

Reports on trust funds held in trust for the Nations.

Social Housing Fund

Reports the assets, liabilities and activities of the Canada Mortgage and Housing Corporation ("CMHC") subsidized rental housing operations.

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## Huu-ay-aht First Nations Summary of Significant Accounting Policies

March 31, 2018

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### Reporting Entity and Principles

The Nations' reporting entities include the Nations' government and all related entities which are accountable to the Nations and are either owned or controlled by the Nations.

The financial statements consolidate the assets, liabilities and results of operations for the following entities:

- Huu-ay-aht First Nations, and the following entities: Huu-ay-aht First Nations CMHC Social Housing Program

Incorporated business entities, which are owned or controlled by the Nations and which are not dependent on the Nations' for their continuing operations, are included in the summary financial statements using the modified equity method. These include: Huu-ay-aht First Nations Development Limited Partnership and its general partner, Huu-ay-aht First Nations Development Corporation (Wholly owned) and Nuu-chah-nulth Seafood Limited Partnership (16.67% ownership)

### Financial Instruments

Unless otherwise noted, it is management's opinion that the Nations are not exposed to significant interest, currency or credit risks arising from its financial instruments.

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# Huu-ay-aht First Nations

## Summary of Significant Accounting Policies

March 31, 2018

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**Use of Estimates** The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates included in these consolidated financial statements include the valuation of accounts receivable, completeness of liabilities and accruals, useful lives of tangible capital assets and estimates of performance obligations related to deferred revenue.

**Tangible Capital Assets** Property, equipment and infrastructure expenditures are valued at acquisition cost and recorded in the the Capital Fund.

Tangible capital assets acquired as part of the Social Housing Fund are recorded in that fund.

Tangible capital assets recorded are amortized annually with a corresponding reduction in Equity in Tangible Capital Assets. Assets are amortized over their expected useful lives at the following rates:

Boats and rafts	7 years straight-line
Buildings	10-25 years straight-line
Computer equipment	3 years straight-line
Community housing	20 years straight-line
Trails, docks and floats	10 years straight-line
Equipment	5-20 years straight-line
Utilities	20 years straight-line
Vehicles	7 years straight-line

**Revenue Recognition** Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements, which relates to a subsequent fiscal period, is reflected as deferred revenue in the year of receipt and classified as such on the Consolidated Statement of Financial Position.

Rental revenue is recognized when a tenant commences occupancy and rent is due. The Nations retain all benefits and risks of ownership of their property and, therefore, accounts for leases with its tenants as operating leases.

All other revenue is recognized in the period in which the events that give rise to the revenue occurs.

**Government Transfers** Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

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## Huu-ay-aht First Nations Summary of Significant Accounting Policies

March 31, 2018

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**Deferred Revenue** Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purposes.

**Impairment of Long-lived Assets** In the event that facts and circumstances indicate that the Nations' assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails considering the reduction in service capacity of the asset.

**Liabilities for Contaminated Sites** Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Nations is directly responsible or accepts responsibility; and
  - a. is directly responsible; or
  - b. accepts responsibility; and
- iv. a reasonable estimate of the amount can be made.

To date, no liability for contaminated sites has been reported.

# Huu-ay-aht First Nations

## Notes to Consolidated Financial Statements

March 31, 2018

### 1. Cash

Cash is held in one Canadian Chartered Bank and earns interest at the current prevailing rates for business operating accounts.

### 2. Restricted Cash

	2018	2017
Replacement reserve	\$ 9,704	\$ 12,011
Operating reserve	30,314	27,314
Forestry reserve	23,653	23,653
	\$ 63,671	\$ 62,978

#### Replacement reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited in the amount of \$3,000 (2017 - \$3,000) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or interested 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 the account may only be used as approved by CMHC. At year-end, this reserve was adequately funded (2017 - adequately funded)

#### Operating reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), excess revenue over expenditures may be retained in an operating reserve. These funds, along with accumulated interest, must be held in a separate bank account and/or interested 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 the account may only be used to offset future deficits. At year-end, this reserve was adequately funded (2017 - underfunded by \$352)

#### Forestry reserve

Under the term of the agreement with the Province of British Columbia, the forestry reserve is held as security for the forestry permit issued by the Province. The funds are held in a guaranteed investment certificate bearing interest at 0.50% per annum and is set to automatically renew for an additional year upon maturing each year.

### 3. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	2018	2017
Canada Mortgage and Housing Corporation	\$ 769	\$ 769
Goods and Services Tax and Provincial Sales Tax receivable	185,676	204,919
Steelhead LNG	581,704	-
Other	187,809	78,151
	\$ 955,958	\$ 283,839

## Huu-ay-aht First Nations Notes to Consolidated Financial Statements

March 31, 2018

### 4. Investments

	2018		2017	
	Market Value	Book Value	Market Value	Book Value
Wealth Fund				
TD Wealth	13,725,563	13,834,082	13,394,862	12,396,020
Settlement Fund				
TD Wealth	1,026,305	1,030,877	1,001,746	925,266
	<b>\$ 14,751,868</b>	<b>\$ 14,864,959</b>	<b>\$ 14,396,608</b>	<b>\$ 13,321,286</b>

#### Wealth Fund

As a result of treaty settlement, the Nations transferred funds received from various government organization into an Invested Wealth Fund. The purpose of this fund is to provide the Nations with perpetual investment income to help fund the increased administrative activities required to operate a self-government body.

The wealth fund are currently invested in 60% (2017 - 55%) bonds and preferred shares with yields of 1.25-3.75% (2017 - 1.25-3.75%) and 40% (2017 - 45%) in equities.

#### Settlement Fund

The purpose of this fund is to hold and protect capital transfers and resource revenues intended for its beneficiaries.

The settlement fund are currently invested in 61% (2017 - 54%) bonds and preferred shares with yields of 1.25-3.75% (2017 - 1.25-3.75%) and 39% (2017 - 46%) in equities.

### 5. Deferred Revenue

Deferred revenue represents funding received for programs/projects that were not completed during the year.

	2018	2017
Operating Fund		
Province of British Columbia	\$ 41,822	\$ 41,822
Government of Canada	-	15,720
Other	-	8,074
	<b>\$ 41,822</b>	<b>\$ 65,616</b>

## Huu-ay-aht First Nations Notes to Consolidated Financial Statements

March 31, 2018

### 6. Long Term Debt

	2018	2017
<u>Capital Fund</u>		
Royal Bank of Canada, term loan, repayable in monthly instalments of \$17,381 including interest at prime per annum, maturing August 2018	\$ 1,192,908	\$ 1,362,968
Royal Bank of Canada, term loan, repayable in monthly instalments of \$2,733 including interest at 2.85% per annum, maturing August 2019	342,716	365,393
Royal Bank of Canada, term loan, repayable in monthly instalments of \$1,336 including interest at 2.85% per annum, maturing July 2018	167,496	177,678
<u>Social Housing Fund</u>		
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,120 including interest at 1.82% per annum, maturing September 2019	136,703	147,559
<u>Treaty Fund</u>		
Indigenous and Northern Affairs Canada, repayable in annual instalments of \$546,224 including interest of 4.545% per annum, maturing April 2020	1,022,236	1,500,272
	<b>\$ 2,862,059</b>	<b>\$ 3,553,870</b>

The estimated principal repayments on the above long term debt required over the next two years are as follows:

2019	\$ 1,360,404
2020	479,419
2021	1,022,236
	<b>\$ 2,862,059</b>

### 7. Due to from Related Parties

	2018	2017
Due from HFN Development Limited Partnership	\$ 221	\$ -
Due from HFN LNG Development Limited Partnership	414,667	412,299
Due from HFN Forestry Limited Partnership	2,055	8,433
Due from HFN Land Corporation	1,800,000	1,800,000
Due from HFN Settlement Trust	41,277	39,360
Due from HFN Land Limited Partnership	243,423	-
	<b>\$ 2,501,643</b>	<b>\$ 2,260,092</b>

The entities disclosed above are related to the Nations by virtue of common control.



## Huu-ay-aht First Nations Notes to Consolidated Financial Statements

March 31, 2018

### 8. Tangible Capital Assets

	2018										
	Land	Building	Boats and rafts	Computer equipment	Equipment	Community housing	Utilities	Trails, docks and floats	Vehicles	Work in progress	Total
Cost, beginning of year	\$ 7,209,434	\$ 10,082,263	\$ 110,771	\$ 307,337	\$ 739,197	\$ 995,052	\$ 4,338,107	\$ 797,546	\$ 461,903	\$ 228,935	\$ 25,270,545
Additions	3,551,816	1,356,445	-	27,497	349,195	-	-	664,952	48,354	624,649	6,622,908
Disposals	-	-	-	-	-	-	-	-	-	-	-
Cost, end of year	\$ 10,761,250	\$ 11,438,708	\$ 110,771	\$ 334,834	\$ 1,088,392	\$ 995,052	\$ 4,338,107	\$ 1,462,498	\$ 510,257	\$ 853,584	\$ 31,893,453
Accumulated amortization, beginning of year	\$ -	\$ 4,138,795	\$ 89,026	\$ 241,850	\$ 550,018	\$ 734,775	\$ 1,607,032	\$ 389,522	\$ 149,362	\$ -	\$ 7,900,380
Amortization	-	448,794	5,736	54,780	57,339	14,955	213,700	128,617	69,440	-	993,361
Disposals	-	-	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	\$ -	\$ 4,587,589	\$ 94,762	\$ 296,630	\$ 607,357	\$ 749,730	\$ 1,820,732	\$ 518,139	\$ 218,802	\$ -	\$ 8,893,741
Net carrying amount, end of year	\$ 10,761,250	\$ 6,851,119	\$ 16,009	\$ 38,204	\$ 481,035	\$ 245,322	\$ 2,517,375	\$ 944,359	\$ 291,455	\$ 853,584	\$ 22,999,712

## Huu-ay-aht First Nations Notes to Consolidated Financial Statements

March 31, 2018

### 8. Tangible Capital Assets (continued)

	2017										
	Land	Building	Boats and rafts	Computer equipment	Equipment	Community housing	Utilities	Docks and floats	Vehicles	Work in progress	Total
Cost, beginning of year	\$ 7,199,434	\$ 10,049,089	\$ 107,056	\$ 247,664	\$ 604,306	\$ 995,052	\$ 4,338,107	\$ 797,546	\$ 310,028	\$ -	\$ 24,648,282
Additions	10,000	33,174	3,715	59,673	134,891	-	-	-	151,875	228,935	622,263
Cost, end of year	\$ 7,209,434	\$ 10,082,263	\$ 110,771	\$ 307,337	\$ 739,197	\$ 995,052	\$ 4,338,107	\$ 797,546	\$ 461,903	\$ 228,935	\$ 25,270,545
Accumulated amortization, beginning of year	\$ -	\$ 3,713,363	\$ 82,636	\$ 183,615	\$ 519,873	\$ 720,641	\$ 1,393,332	\$ 327,402	\$ 94,224	\$ -	\$ 7,035,086
Amortization		425,432	6,390	58,235	30,145	14,134	213,700	62,120	55,138	-	865,294
Accumulated amortization, end of year	\$ -	\$ 4,138,795	\$ 89,026	\$ 241,850	\$ 550,018	\$ 734,775	\$ 1,607,032	\$ 389,522	\$ 149,362	\$ -	\$ 7,900,380
Net carrying amount, end of year	\$ 7,209,434	\$ 5,943,468	\$ 21,745	\$ 65,487	\$ 189,179	\$ 260,277	\$ 2,731,075	\$ 408,024	\$ 312,541	\$ 228,935	\$ 17,370,165

# Huu-ay-aht First Nations

## Notes to Consolidated Financial Statements

March 31, 2018

### 9. Accumulated Surplus

	2018	2017
Operating surplus	\$ 12,299,985	\$ 2,032,279
Investment in Enterprises Fund	14,634,099	11,703,871
Investment in Wealth Fund	13,834,082	12,396,020
Investment in Settlement Trust	1,030,877	925,266
Investment in Tangible Capital Assets	21,231,301	15,316,568
Replacement and Operating Reserves	16,792	18,303
	\$ 63,047,136	\$ 42,392,307

### 10. Investments in the Nations' Business Entities

The following period of financial information was used to determine the amount of the investment in the Nations' business activities:

#### Limited Partnerships

HFN Development Limited Partnership	January 1, 2017 - December 31, 2017
Nuu-chah-nulth Seafood Limited Partnership	January 1, 2017 - December 31, 2017

#### Corporations

HFN Development Corporation	January 1, 2017 - December 31, 2017
Nuu-chah-nulth Seafood Development Corporation	April 1, 2017 - March 31, 2018

	2017 Investment carrying value	Share of earnings (loss)	Capital contributions	Capital draws	2018 Total investment
<b>Wholly-owned Businesses:</b>					
HFN Development Limited Partnership	\$ 9,639,546	\$ 2,709,793	\$ 131,000	\$ 508,517	\$ 11,971,822
HFN Development Corporation	(45,148)	(1,051)	-	-	(46,199)
	9,594,398	2,708,742	131,000	508,517	11,925,623
<b>First Nation Business Partnership - Modified Equity:</b>					
Nuu-cha-nulth Seafoods Limited Partnership - 16.67%	275,099	170,783	-	30,000	415,882
Nuu-chah-nulth Seafood Development Corporation - 16.67%	34,374	-	-	-	34,374
	309,473	170,783	-	30,000	450,256
	\$ 9,903,871	\$ 2,879,525	\$ 131,000	\$ 538,517	\$ 12,375,879

# Huu-ay-aht First Nations

## Notes to Consolidated Financial Statements

March 31, 2018

### 10. Investment in the Nations' Business Entities (continued)

Summary financial information of the Nations' business partnership and enterprises accounted for using the modified equity method for their respective year-end is as follows:

	Assets	Liabilities	Net Assets	Revenue	Expenses	2018 Total Earnings (Loss)	2017 Total Earnings (Loss)
<b><u>Limited Partnerships</u></b>							
HFN Development LP	\$ 12,256,951	\$ 406,087	\$ 11,850,864	\$ 2,743,573	\$ 33,780	\$ 2,709,793	\$ 1,503,954
NSLP	2,764,113	276,649	2,487,464	228,673	57,890	170,783	129,297
Subtotal	15,021,064	682,736	14,338,328	2,972,246	91,670	2,880,576	1,633,251
<b><u>Corporation</u></b>							
HFN Development Corporation	8	11,703	(11,695)	271	1,322	(1,051)	(1,238)
	\$ 15,021,072	\$ 694,439	\$ 14,326,633	\$ 2,972,517	\$ 92,992	\$ 2,879,525	\$ 1,632,013

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# Huu-ay-aht First Nations

## Notes to Consolidated Financial Statements

March 31, 2018

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### 11. Comparative Figures

Certain comparative amounts presented in the consolidated financial statements have been restated to conform to current year's presentation.

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### 12. Line of Credit

The Royal Bank of Canada has approved an operating line of credit up to \$1,000,000 at the bank's prime lending rate. At March 31, 2018, this availability of the facility is \$20,000 (2017 - \$40,000). A general security agreement covering all assets of the Nations is pledged for this credit facility, in addition to a first charge on all inventory along with an Executive Council Resolution.

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### 13. Budget Amounts

The budget amounts were prepared by management and approved by the Nations for the year ending March 31, 2018.

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### 14. Contractual Rights

The Nation is party to the agreement, which is with Sarita LNG (CF) Limited Partnership, that are anticipated to provide it with future revenues. Amount anticipated to be received over future years are as follows:

2019	\$	8,000,000
2020		8,000,000
2021		<u>2,000,000</u>
	\$	<u>18,000,000</u>

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### 15. Minor Trust Reserve

Under the Tribunal order, the Nations decided to set aside \$1.8M for all minors to receive \$6,000 each upon becoming of legal age (19 years old). The funds are currently held in a Canadian chartered bank. No legal trust has been set up for this Minor's trust reserve.

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# Huu-ay-aht First Nations

## Notes to Consolidated Financial Statements

March 31, 2018

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### 16. Segment Disclosure

The Nations are a diversified First Nations organization that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

#### **Government Services**

This service area provides the structure of government and legislation for the Nations as well as the administrative services needed to support the government operations, including the Executive council, People's Assembly, Committees of Council, Executive Director, financial and human resource services and treaty implementation. Additionally, this service area is responsible for the management of public works and capital infrastructure including maintenance of capital infrastructure, provision of residential services in the Anacla community and operations of the House of the Nations and the multi-use building. Also, the service area is responsible for the management of government lands and natural resources, including the management of fisheries, forest harvesting and other uses of the land base, identification and protection of cultural sites and acquisition and distribution of cultural food.

#### **Economic Development**

This service area provides for the development of economic opportunities to the Nations.

#### **Community Services**

This service area provides for health-related services, social services, childcare services and education services.

#### **Special Programs**

This service area provides for supporting any special projects that the Nations pursues.

**Huu-ay-aht First Nations**  
**Expenses by object**  
**For the year ended March 31, 2018**  
**Schedule 1**

	Budget 2018	2018	2017
<b>Expenses</b>			
ACRD	\$ 25,130	\$ 23,955	\$ 24,663
Admin Fees	-	-	1,363.91
Advertising & Promotion	127,800.00	39,860.69	200,724.05
Amortization	-	981,908.31	865,294.00
Bad debt	-	-	1,512.72
Citizen Dividend	4,890,000.00	6,710,979.12	-
Consulting	2,923,187.00	1,911,683.28	1,008,823.78
Counselling/Mental Health	100,000.00	103,192.62	-
Dental Fees	-	2,122.50	-
DIA	31,000.00	30,471.00	30,471.00
Education	223,200.00	212,523.77	116,469.23
Elders Benefits	603,200.00	566,000.00	160,235.00
Fish	97,268.00	119,820.56	70,609.07
Furniture & Equipment	13,500.00	12,938.16	10,895.96
Honoraria	233,430.00	75,092.43	114,382.19
Insurance	57,750.00	67,280.29	50,267.00
Inter. & Bank Charges	259,183.00	221,021.99	234,465.00
Kiixin Program Expenses	250,000.00	246,673.44	-
Maa-nulth Allocation	214,038.00	214,038.00	153,575.00
Management fees	-	2,400.00	2,400.00
Materials & Supplies	156,601.00	128,632.98	77,856.00
Med. Supplies & Prescriptions	-	23,698.17	22,765.70
Meetings	312,755.00	284,539.95	280,632.51
Miscellaneous	8,900.00	5,568.92	197.00
NTC Fee	196,212.00	173,250.00	163,620.00
Occupational Skills Training	55,151.00	54,397.73	3,444.70
Office Equipment Lease	-	10,532.31	8,983.87
Office Supplies	89,787.00	69,802.04	75,517.59
Patient Travel	25,000.00	86,582.95	71,595.22
Professional Development	103,414.00	66,893.84	42,858.66
Professional Fees	1,569,000.00	1,603,493.72	1,450,181.00
Program Expenses	1,088,811.00	637,698.26	156,184.75
Rent & Property Taxes	50,000.00	31,273.61	34,979.18
Repairs & Maintenance	155,000.00	114,748.42	117,937.16
Salaries and Benefits	3,470,435.00	3,591,114.09	3,191,497.83
Social Assistance	58,653.00	43,477.13	63,145.23
Social Services Jurisdiction	250,000.00	244,151.04	-
Telephone	82,500.00	92,130.48	73,906.79
Transportation	-	160.00	4,497.50
Travel	298,800.00	294,369.72	229,611.84
Tribunal	75,000.00	23,976.64	7,652.93
Tuition & Trades Program	420,500.00	391,472.52	288,692.93
Tutors	10,000.00	11,381.76	4,117.38
Utilities	59,500.00	70,222.55	74,789.69
	<b>\$ 18,584,705</b>	<b>\$ 19,595,530</b>	<b>\$ 9,490,817</b>

Huu-ay-aht First Nations  
Government Services  
For the year ended March 31, 2018  
Sch 2

	<b>2018</b>	<b>2018</b>	<b>2017</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenue</b>			
INAC	\$ 3,347,159	\$ 3,356,175	\$ 3,262,641
Treaty	2,603,455	2,603,455	2,603,455
Resource Revenue - Federal	107,500	109,291	108,081
Fish funding	80,716	80,967	78,365
Total INAC	6,138,830	6,149,888	6,052,542
Investment Income	425,000	1,496,265	459,904
Provincial Annual Funding	41,822	41,822	41,822
Resource Revenue - Prov	107,500	109,291	108,081
Total Province of BC	149,322	151,113	149,903
Nuu-chah-nulth Tribal Council	1,000	18,904	16,425
Cost Recoveries - permits, lea:	-	19,661	42,595
Other Income - TSL Harvest	3,112,500	1,684,268	568,918
Property taxes	-	33,144	-
Other Income	100,000	443,469	95,983
Contracts	-	37,337	37,001
Total Other	3,212,500	2,198,218	701,902
	<b>9,926,652</b>	<b>10,034,049</b>	<b>7,423,271</b>
<b>Expenses</b>			
ACRD	25,130	23,955	24,663
Admin Fees	-	-	1,364
Advertising & Promotion	40,500	13,817	10,113
Consulting	446,129	149,530	98,573
Elders Benefits	17,000	-	-
Fish	97,268	119,821	70,609
Furniture & Equipment	13,500	12,938	10,896
Honoraria	194,300	62,915	70,156
Insurance	57,750	67,280	47,207
Inter. & Bank Charges	82,040	152,793	166,117
Maa-nulth Allocation	214,038	214,038	153,575
Materials & Supplies	94,800	85,450	46,032
Meetings	180,500	208,093	128,564
Miscellaneous	5,100	3,908	3,927
Office Equipment Lease	-	10,532	8,984
Office Supplies	66,787	66,097	60,203
Professional Development	58,000	35,971	35,170
Professional Fees	544,000	690,517	300,285
Program Expenses	70,000	34,512	39,136
Rent & Property Taxes	50,000	31,274	34,979
Repairs & Maintenance	155,000	114,748	117,937
Salaries and Benefits	2,157,943	2,144,711	2,203,582
Telephone	79,400	89,304	71,041
Transportation	-	160	4,498
Travel	179,500	199,077	112,230
Tribunal	75,000	23,977	7,653
Utilities	57,000	67,509	72,059
	<b>4,960,685</b>	<b>4,622,925</b>	<b>3,899,553</b>
<b>Surplus (deficit)</b>	<b>\$ 4,965,967</b>	<b>\$ 5,411,123</b>	<b>\$ 3,523,718</b>



**Huu-ay-aht First Nations  
Economic Development  
For the year ended March 31, 2018  
Sch 3**

	<b>2018 Budget</b>	<b>2018 Actual</b>	<b>2017 Actual</b>
<b>Revenue</b>			
Earnings from the Nations' business partnerships	\$ -	\$ 2,879,525	\$ 1,633,251
Loss from the Nations' business enterprise	-	(1,051)	(1,238)
Cost Recoveries - permits, leases	-	-	122,635
	<b>-</b>	<b>2,878,474</b>	<b>1,754,648</b>
<b>Expenses</b>			
Consulting	42,500	21,301	54,459
DIA	31,000	30,471	30,471
Kiixin Program Expenses	250,000	246,673	-
Materials & Supplies	2,000	2,465	756
Meetings	15,500	13,396	12,509
Office Supplies	1,000	1,284	619
Professional Development	4,000	4,440	-
Professional Fees	100,000	22,658	11,778
Program Expenses	50,000	10,000	5,000
Salaries and Benefits	195,248	178,639	136,868
Travel	36,600	6,536	3,593
	<b>727,848</b>	<b>537,865</b>	<b>256,053</b>
<b>Surplus (deficit)</b>	<b>\$ (727,848)</b>	<b>\$ 2,340,609</b>	<b>\$ 1,498,595</b>

**Huu-ay-aht First Nations  
Community Services  
For the year ended March 31, 2018  
Sch 4**

	<b>2018 Budget</b>	<b>2018 Actual</b>	<b>2017 Actual</b>
<b>Revenue</b>			
Nuu-chah-nulth Tribal Council	\$ 77,000	\$ 164,512	\$ 147,681
Gov't of Canada - Childcare	-	60,841	52,064
Cost Recoveries - permits, leases	-	119,213	116,682
Other Income	-	54,317	4,131
	<b>77,000</b>	<b>398,883</b>	<b>320,558</b>
<b>Expenses</b>			
Amortization	-	981,908	854,624
Advertising & Promotion	30,000	17,621	10,179
Consulting	43,600	1,857	54,931
Counselling/Mental Health	100,000	103,193	-
Dental Fees	-	2,123	-
Elders Benefits	240,000	226,400	160,235
Education	223,200	212,524	102,753
Honoraria	16,200	7,681	13,782
Materials & Supplies	22,200	22,188	14,931
Med. Supplies & Prescriptions	-	23,698	6,268
Meetings	68,200	39,249	11,408
Miscellaneous	3,800	1,661	2,932
NTC Fee	196,212	173,250	163,620
Occupational Skills Training	5,351	6,182	3,445
Office Supplies	22,000	2,421	12,652
Patient Travel	25,000	86,583	71,595
Professional Development	10,000	26,483	2,173
Professional Fees	25,000	4,882	-
Program Expenses	203,370	149,864	68,352
Salaries and Benefits	870,661	856,948	768,808
Social Assistance	58,653	43,477	63,145
Social Services Jurisdiction	250,000	244,151	-
Telephone	3,100	2,827	2,865
Tutors	10,000	11,382	4,117
Travel	21,700	18,255	22,065
Tuition & Trades Program	170,500	225,641	148,210
Utilities	2,500	2,713	2,730
	<b>2,621,247</b>	<b>3,495,159</b>	<b>1,711,197</b>
<b>Surplus (deficit)</b>	<b>\$ (2,544,247)</b>	<b>\$ (3,096,277)</b>	<b>\$ (1,390,639)</b>

**Huu-ay-aht First Nations**  
**Special Programs**  
**For the year ended March 31, 2018**  
**Sch 5**

	<b>2018</b>		<b>2018</b>		<b>2017</b>
	<b>Budget</b>		<b>Actual</b>		<b>Actual</b>
<b>Revenue</b>					
AANDC	\$ -	\$	14,285,894	\$	71,975
Cost Recoveries - permits, leases	-		559,433		110,398
Grants	-		31,240		-
			<b>14,876,567</b>		<b>182,373</b>
LNG Generations Funding	-		100,000		300,000
LNG Capability	-		175,000		1,810,780
LNG PA	-		11,408,573		-
WFP E&T Fund	-		187,500		-
Total Industry Funds	-		<b>11,871,073</b>		<b>2,110,780</b>
			<b>26,747,640</b>		<b>2,293,153</b>
<b>Expenses</b>					
Advertising & Promotion	57,300		8,423		180,432
Citizen Dividend	4,890,000		6,710,979		-
Consulting	2,390,958		1,738,996		800,860
Education	-		-		13,716
Elders benefit	346,200		339,600		-
Honoraria	22,930		4,496		30,444
Inter. & Bank Charges	177,143		68,229		65,573
Materials & Supplies	37,601		18,531		3,237
Management fees	-		2,400		2,400
Med. Supplies & Prescriptions	-		-		16,497
Meetings	48,555		23,802		128,152
Occupational Skills Training	49,800		48,216		-
Office Supplies	-		-		2,044
Professional Development	31,414		-		5,516
Professional Fees	900,000		885,436		1,124,968
Program Expenses	765,441		443,322		43,697
Salaries and Benefits	246,583		410,816		82,240
Travel	61,000		70,502		91,725
Tuition & Trades Program	250,000		165,832		140,483
	<b>10,274,925</b>		<b>10,939,580</b>		<b>2,729,584</b>
<b>Surplus (deficit)</b>	<b>\$ (10,274,925)</b>	<b>\$</b>	<b>15,808,060</b>	<b>\$</b>	<b>(436,431)</b>