



HFN GROUP OF BUSINESSES

# ANNUAL REPORT

2016

*CREATING A FUTURE  
AS RICH AS OUR PAST*

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# MESSAGE FROM THE CHAIR

## *Continuous Sustainable Improvement*



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Since the inception of the HFN Development Corporation and its related Limited Partnership business operations the HUU-ay-aht Group of Businesses (HGB) has continued to emerge as a key factor in the growth of the local and regional economies.

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In 2016, the HUU-ay-aht Group of Businesses (HGB) continued to focus its efforts on creating a stable business environment while still planning for growth and increasing employment opportunities for both citizens and other residents in the local community. The strength of HGB's current businesses and the ability to increase its presence in the local economy depends largely on the commitment of its employees, the continued support of HUU-ay-aht citizens and the acceptance of the larger community. A critical aspect of all HGB planning is the groups' resolve to create conditions that will enhance its reputation as a preferred employer and bring people back into the community.

The HGB faced some unique challenges in 2016 especially with an entirely new senior management team, all with less one-year experience with the group of businesses. The team stepped up to the plate however, with the Nation's significant investment in the Bamfield area through the purchase eleven properties and adding them to the HGB portfolio. Three of the properties which now makeup the newly created 'Hospitality LP' were semi-active tourism related business enterprises but needed extensive upgrades to get them ready for full operations by the start of the busy tourist season. In a very short time frame the team made sure the properties were repaired and upgraded to an acceptable standard to welcome guests, and hired and trained several new employees including senior business managers. Despite the less than ideal conditions, the team pulled together to successfully operate throughout the

2016 season. During the season a great deal of business intelligence was gathered which will assist in planning and budgeting for 2017. The persistence and hard work of our dedicated team shows the resolve of our employees to work towards our vision which is to:

***"Strive to achieve a flourishing HUU-ay-aht economy through initiatives that provide sustainable benefit for all"***

Reflecting on the year generally, HGB has also made significant gains in establishing administrative standards, recruiting and training a dedicated work force and upgrading its facilities. The employee base, made up of HFN citizens and other community residents, has shown positive results in terms of growth in employee numbers, improved skill sets, and the HGB's ability to retain experienced staff members. Career development, practical job training, retention of key employees and establishing performance standards, will be a constant focus going forward.

Looking forward, HGB has put operational plans and budgets in place to continue operating all businesses on a status-quo basis in the coming year. Assuming no additional major acquisitions, the focus this year will be on analyzing existing business results and making changes to the operations necessary to achieve 'optimum outcomes'.

Defining the term 'optimum outcomes' is in itself a challenge

going forward as it involves determining the subtle balance between the competing objectives of:

- short term financial success
- increasing training and employment opportunities,
- increased capital investment to upgrade existing assets, and
- planning and acquisition for future growth.

Over the coming year, the Board and Management staff will be primarily focused on finding this balance and establishing the business metrics, management controls and policies that must be in put into place to ensure the improved results can be sustained over the long term.

Branding and communications have been a recent focus as the HUU-ay-aht Group of Businesses moves toward more exposure in the marketplace. A structural review of both management and assets will also be considered to ensure that all current resources and assets are being utilized for maximum return to the corporation and are in alignment with the future longer term strategic planning goals of both the HGB and the Nation.

Looking forward to another year of growth and experience in 2017.

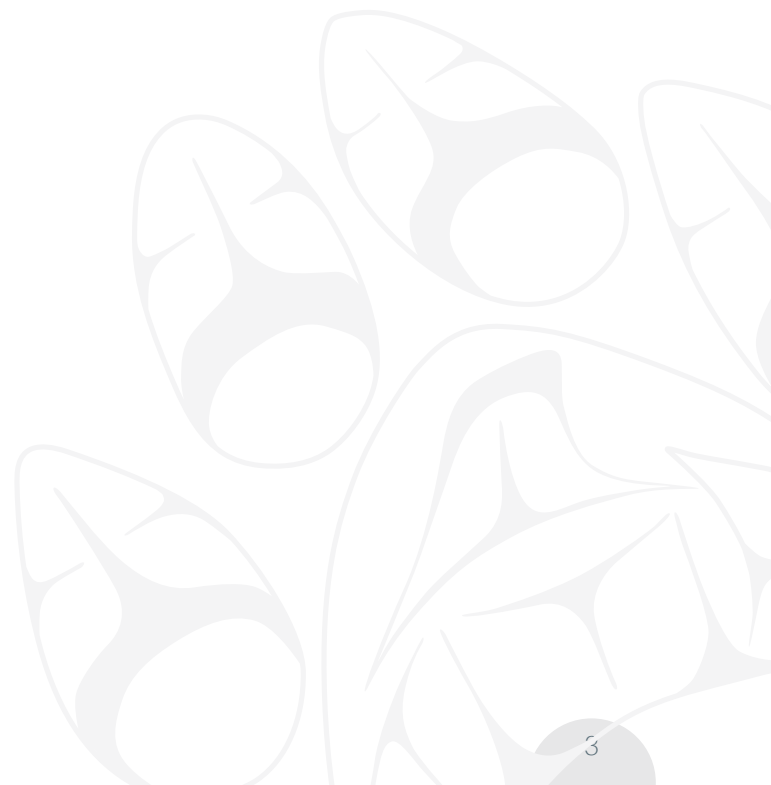
## **CONTINUOUS SUSTAINABLE IMPROVEMENT.**



**Chuu-way! Respectfully,**

Handwritten signature of Angela Wesley (Shii-shii-kwalahp)

**Angela Wesley (Shii-shii-kwalahp), Chair  
Huu-ay-aht Group of Businesses**





## BOARD OF DIRECTORS

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- Angela Wesley, Chair
- Val Bellwood
- Bob Brough
- John Mass
- Cory McIntosh

## STAFF & MANAGEMENT CONSULTANTS

- Gary Wilson, BComm - CEO
- Bobby Toor – Hospitality LP Manager
- Charlie Clappis - General Manager
- Dan McKay – Sort Supervisor
- Esther Jackway - Market LP Manager
- Harry Brossault - General Labour and Maintenance Supervisor
- Martha Johnson - Accounting Assistant
- Sarah Johnson - Pachena Bay Business Manager
- Stan Coleman (Rocky Point Forest Services) – Forestry LP Manager
- Teresa Gagnon, CPA, CGA - Interim Financial Controller
- Tracy Walker - Executive Assistant

***“Working with the HFN group of businesses has been a great experience that has built both my confidence and my professional skills to get the job done.”***

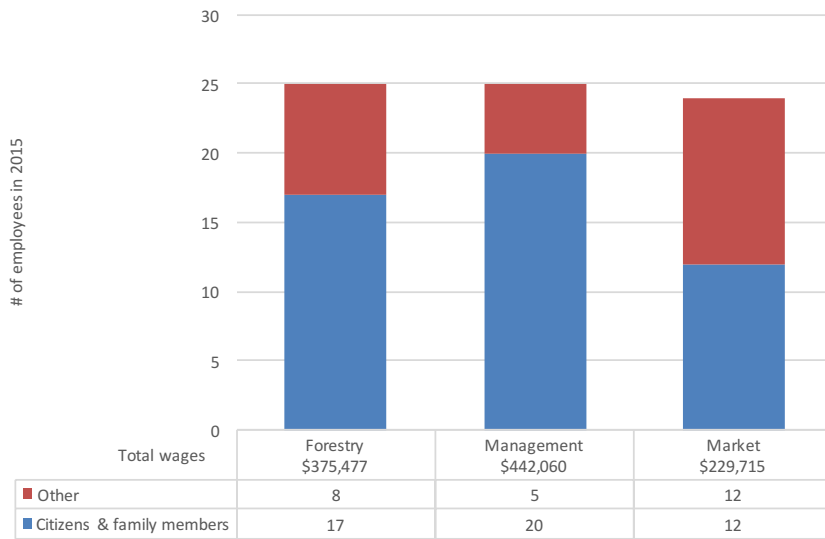
*–Martha Johnson, Accounting Assistant*

<< Bobby Nookemus works with a contractor to finish siding on the new washroom facility at the Pachena Bay Campground.

# KEY FIGURES

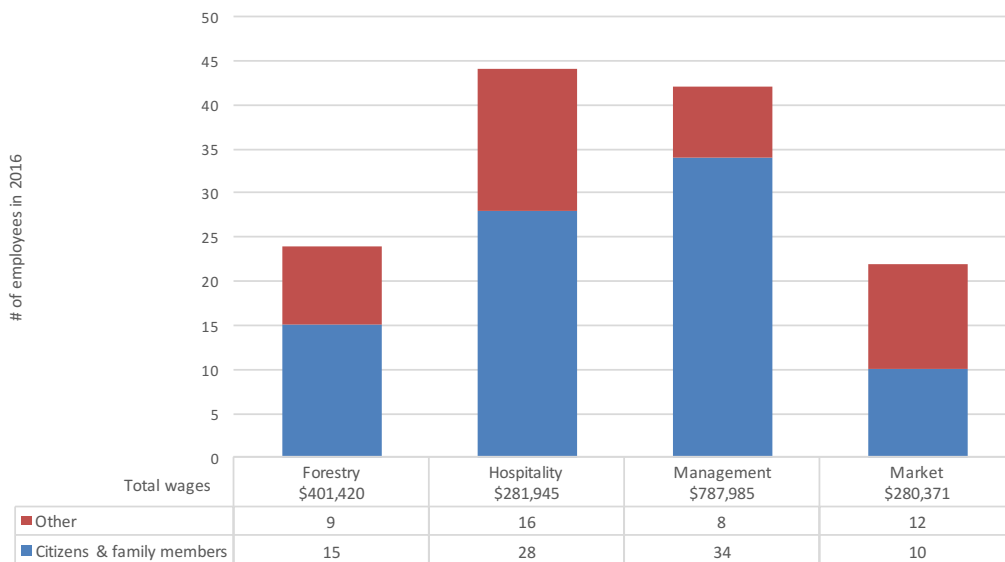
## 01

### EMPLOYEES BY LP 2015



## 02

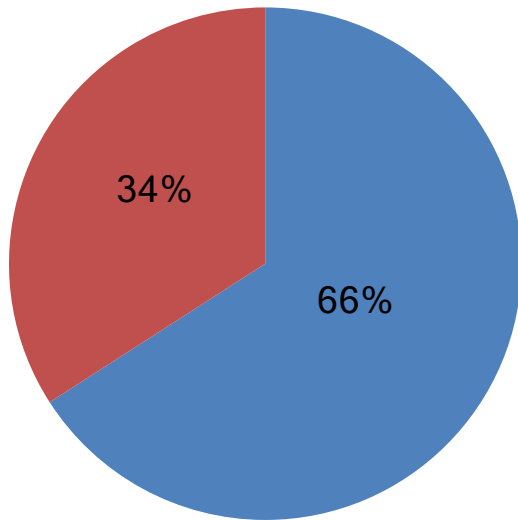
### EMPLOYEES BY LP 2016



# KEY FIGURES

**03**

## EMPLOYEE DISTRIBUTION BY YEAR

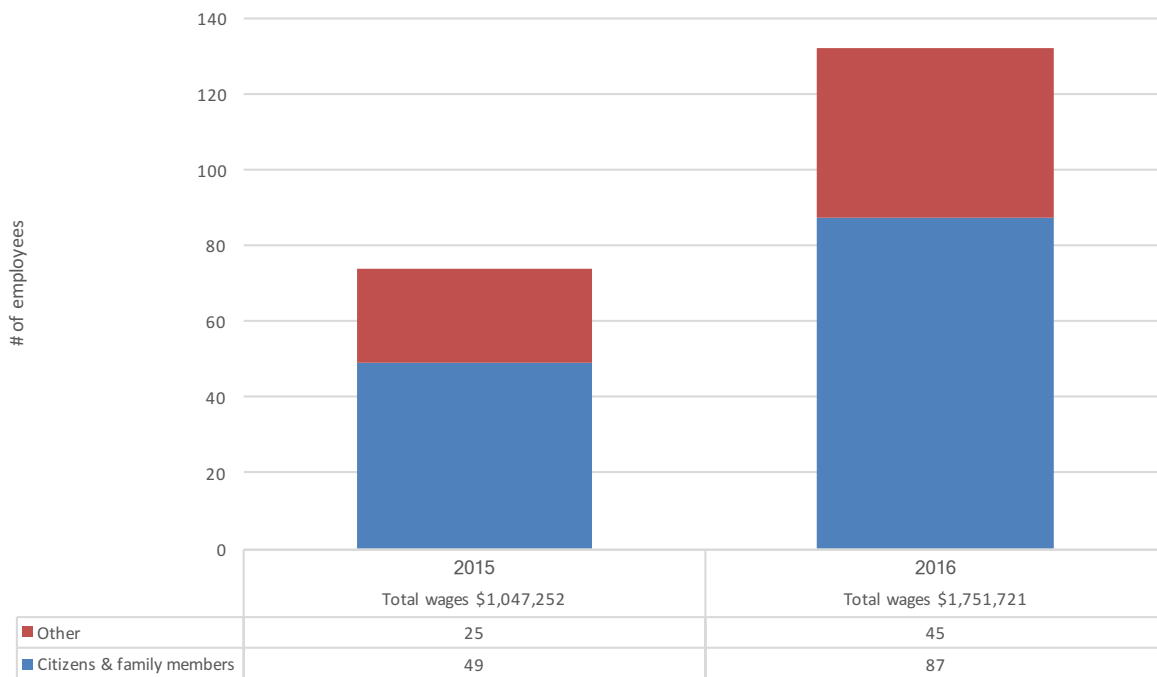


**2016**

- Citizens & family members
- Other

**04**

## DISTRIBUTION BY YEAR



# BUSINESS HIGHLIGHTS

## 2016

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### Fisheries

The fisheries business consists of eight commercial fishing licenses, a contract for managing the Bamfield East Dock, and several inactive aquaculture tenures.

- Continued the successful relationship with Aquatrust Research and Education Society to manage fishing licenses and leases.
- Generated revenue of nearly \$130,000.
- Worked cooperatively with other First Nations in the NCN Cannery LP.

### Forestry

HFN Forestry manages two long-term forestry tenures with an annual allowable cut of 87,000 m<sup>3</sup> and FLP also harvests timber under special licence agreements with the Nation from HFN's Treaty Settlement Lands (TSL).

- Employed 24 people, including 15 Huu-ay-aht citizens and family members.
- Provided training programs and mentorships for 5 employees.
- Provided off-season work for employees of the West Coast Trail and campground.
- Generated more than \$560,000 in stumpage payable to the Nation.
- Planted a total of 145.6 ha, the majority of which was on TSL land.
- Harvested 150,000m<sup>3</sup> of timber, and processed 76,000m<sup>3</sup> through the Spencer dry land sort.
- Acquired 200 cords of fir logs to be used for firewood at the campground and to help with the Elder's firewood program at HFN.

### Gravel Pit

The HFN group operates a gravel pit and rock quarry by special permit. It provides the only local source of aggregate materials. Sales were made during the year to the Nation, other HGB businesses and residents. This business will expand as the local economy grows and construction materials are more in demand.

### Hospitality

The purchase of the properties in Bamfield early in 2016 was the start of the Hospitality business. Several of the properties were turn key businesses: the Motel, Pub, Kingfisher Marina and Ostrom's Guesthouse. The Floathouse was also opened during the summer and became a reception center for visitors arriving by boat.

- Employed 43 people throughout the year, including 27 citizens.
- Worked on general cleanup at all of the new properties.
- Replaced linens, furnishings and bedding in the Motel and repainted rooms.
- Relocated the convenience store from Ostrom's to Kingfisher Marina.
- Achieved total revenue of over \$600,000.
- Implemented POS system for the Pub.

### Management

Our management team provides administrative, financial, record keeping, accounting, communications, human resources, health and safety, and advisory services to the businesses and projects within HGB.

- Employed 13 people to provide these services, including 5 Huu-ay-aht citizens and family members.
- Provided full time employment to a citizen, allowing him to move back to Anacla with his family. We look forward to doing more of this as the businesses stabilizes and progresses.

### Campground

The Pachena Bay Campground operates seasonally from May to September.

- Improved campground facilities and amenities including the construction of two washroom buildings.
- Provided employment for 11 citizens.
- Generated operating revenue in excess of \$200,000 – an increase of 9% over 2015.
- Completed Construction of two new bathroom facilities.

- Second year of hosting the Kindle Arts Society's Other-world Event with 525 guests.
- Had a successful NETP summer student program.

## Gas Bar

The Pachena Bay Gas Bar provides gas for general sale and diesel for internal business purposes.

- Provided gas services to Anacla and surrounding area.
- Was permitted to sell Diesel to the general public in February of 2016.
- Provided employment for 7 citizens.
- Increased sales revenue more than 46% from 2015.
- Had a successful NETP summer student program.

## West Coast Trail

Since 2011, the HFN group has managed a contract with Parks Canada to maintain a portion of the West Coast Trail.

- Successfully maintained 25 km of the West Coast Trail.
- Renewed our partnership with Parks Canada to continue trail services by signing a 5-year service contract with Parks Canada.
- Worked with Parks Canada to coordinate training for crew members.
- Provided employment for 11 people, all of whom were citizens.
- Signed a 5 year service contract with Parks Canada.
- Completed the second year of a special Parks Canada project for boardwalk repairs.

## The Market

The Market is a central part of the Bamfield and Anacla community and includes a café, general store, and liquor outlet open year round.

- Employed 22 people throughout the year, including 10 Huu-ay-aht citizens and family members.
- Welcomed back many citizen employees from the prior season, including an apprentice chef.
- Provided an opportunity for 5 citizens to move home (seasonal and year round employment).
- Renovated the hallway, bathrooms and kitchen.
- Worked to expand the offerings in the deli area.
- Had a successful NETP summer student program in the café.





# BALANCE SHEET

## SUMMARY BALANCE SHEET AS AT DECEMBER 31, 2016

	2016	2015
Current		
Cash	\$ 4,995,111	\$ 4,718,830
Restricted cash	153,733	189,242
Term deposit	35,000	30,050
Accounts receivable	639,098	671,496
GST recoverable	1,496	2,186
Inventory	1,253,612	982,402
Prepaid expenses	134,032	115,172
Receivable from related parties	100,001	-
	7,312,083	6,709,378
Investment in Limited Partnerships	401,108	401,985
Property and Equipment	6,367,216	2,477,847
	\$ 14,080,407	\$ 9,589,210

Current		
Accounts payable	\$ 889,816	\$ 666,862
Deferred revenue	732,978	835,114
Current portion of long term debt	41,505	18,437
Current portion of reforestation obligation	297,213	149,932
Current portion of road deactivation liability	100,000	-
Current portion of landfill decommissioning liability	80,000	-
Payable to related parties	492,049	-
	2,633,561	1,670,345
Long term debt	821,828	403,837
Deferred grant	408,174	122,845
Payable to related parties	1,491,950	-
Reforestation obligation	62,920	79,098
Road deactivation liability	274,188	305,146
Landfill decommissioning liability	120,000	163,032
	5,812,621	2,744,303
Equity	8,267,786	6,844,907
	\$ 14,080,407	\$ 9,589,210

Unaudited – Prepared for management purposes only

# INCOME STATEMENT

<b>SUMMARY STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2016</b>		
	<b>2016</b>	<b>2015</b>
		(9 months)
Revenue	\$ 10,264,490	\$ 4,849,134
Cost of goods sold	4,291,024	1,953,999
Gross profit	5,973,466	2,895,135
Expenses	3,313,767	2,047,475
Earnings Before interest, tax, depreciation and amortization	2,659,699	847,660
Administration fees	1,082,393	704,458
Amortization	411,752	279,487
Interest on long term debt	65	5,077
Income from Operations	1,165,489	(141,362)
Other		
Loss from NCN Cannery Limited Partnership	-	(2,148)
Income from HFN Fisheries Limited Partnership	76	71
Interest	31,576	33,264
Grant revenue	16,836	6,918
Gain on disposal	1,348	25,800
Loss on disposal	(556)	(2,620)
Change in estimate	(28,979)	72,615
<b>NET INCOME (LOSS)</b>	<b>\$ 1,185,790</b>	<b>\$ (7,462)</b>

Unaudited – Prepared for management purposes only

# EMPLOYEE SPOTLIGHT

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Harry Brossualt didn't plan on moving back home, in fact he was originally coming to town to get his status card updated. He travelled to Port Alberni on Aboriginal Day to only find out that the office was closed for celebrations in Anacla. So without knowing where he was going he decided to make the trip to Pachena Bay.

While he was there he heard that the Pachena Bay Campground was hiring and he knew he had to apply. At the time Harry was living in Victoria so he went home to work on his resume. His employer in Victoria had just offered him a promotion and he turned it down knowing he wanted to come home.

Harry successfully gained employment with the HFN Management LP and moved to Anacla. He initially stayed at the motel and his daughters came to live with him.

Harry is now the General Maintenance Supervisor and works closely with Jeanne Ussher and Sarah Johnson.

"Most days I work in the gas bar if I have administrative stuff to do, I help out in the campground and I also assist with the delivery of the elder's firewood", Harry explained. He also takes care of the gravel operations and is the Co-chair of the Health and Safety Committee.

He has worked hard to be where he is today and wouldn't trade it for the world. He has given his daughters an opportunity he didn't have as a child; the opportunity to have a family and know where they come from. Harry and his family have made Anacla their home.



# CREDITS

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Port Alberni, BC V9Y 6N4  
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**Financial calendar****Publication of Quarterly Report:**

Quarter 1: May 2017  
Quarter 2: August 2017  
Quarter 3: November 2017  
Quarter 4: February 2018

**Publication of Annual Report:**

March/April 2018

**Huu-ay-aht Group of Businesses' Annual Planning:**

August 2017 – Planning Sessions & Draft Development  
December 2017 – Approval of Plans