

WUI'KINUXV NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

Wuikinuxv Nation
Wuikinuxv Village, Rivers Inlet, c/o Bag 3500
Port Hardy, BC V0N 2P0

Management's Responsibility for the Consolidated Financial Statements

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

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 Canadian Institute of Chartered Accountants 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 Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Alermekinders & Company Chartered Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Wuikinuxv Nation and meet when required.

On behalf of Wuikinuxv Nation:

Rose Mackett

October 6, 2014

INDEPENDENT AUDITORS' REPORT

**To the Members,
Wui'inuxv Nation**

We have audited the accompanying financial statements of Wui'inuxv Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statement of operations, changes in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

Basis for Qualified Opinion

The accounting policy for the recording, measurement and valuation of tangible capital assets as outlined in Note 1 to the financial statements was not modified to adopt the changes in Canadian public sector accounting standards for governments for tangible capital assets which is now applicable. If the changes to Canadian generally accepted accounting standards for tangible capital assets had been implemented, capital assets, accumulated surplus, and the annual amortization of capital assets would be materially different.

ALLEMEKINDERS & COMPANY

CHARTERED ACCOUNTANTS

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Wuikinuxv Nation as at March 31, 2014, and of the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards for governments .



Chartered Accountants

Campbell River, BC

October 6, 2014

WUI'KINUV NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEAR ENDED MARCH 31, 2014

	Notes	2014	2013
		\$	\$
Financial Assets			
Cash	2	810,387	80,547
Restricted cash	2	1,519	1,511
Accounts receivable	3	494,736	364,458
Advances to related entities	4	82,724	82,722
Portfolio investments	5	32,606	32,606
Funds held in trust	6	257,362	249,569
Investment in business enterprises	7	861,502	55,355
		<u>2,540,836</u>	<u>866,768</u>
Liabilities			
Bank overdraft	2	0	67,884
Accounts payable and accrued liabilities	8	1,278,760	513,311
Employee benefit obligations	9	38,783	35,813
Advances from related entities	4	98,321	83,160
Deferred revenues	10	328,102	330,908
Long-term debt	11	1,144,916	1,251,760
Treaty negotiation loan	12	<u>7,329,037</u>	<u>6,735,437</u>
		<u>10,217,919</u>	<u>9,018,273</u>
Net Debt		<u>(7,677,083)</u>	<u>(8,151,505)</u>
Non-Financial Assets			
Prepaid expenditures		55,116	51,377
Tangible capital assets	14	<u>8,135,032</u>	<u>7,570,437</u>
		<u>8,190,148</u>	<u>7,621,814</u>
Accumulated Surplus (Deficit)	15, 19	<u>513,065</u>	<u>(529,691)</u>

Contingent liabilities (Note 13)

APPROVED ON BEHALF OF COUNCIL

Rose Stackett
George A. Johnson

WUI'KINUV NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2014

	2014	2013
	\$	\$
Revenues		
Aboriginal Affairs and Northern Development Canada	2,230,650	1,174,098
First Nation business enterprises and limited partnerships	868,851	70,898
Province of British Columbia	326,936	273,420
Health Canada	359,888	236,201
Coast Conservation Endowment Fund Foundation	195,650	287,725
Central Coast Indigenous Resource Alliance	153,655	0
Department of Fisheries and Oceans	137,698	148,451
Commercial sales and licensing	306,115	239,423
WKNTC	116,761	24,339
Rental income	115,605	111,210
Canada Mortgage and Housing Corporation	90,399	93,214
Great Bear Initiative Society	0	55,000
Gain on disposal of assets	0	25,848
Other revenue	<u>215,824</u>	<u>220,939</u>
	<u>5,118,032</u>	<u>2,960,766</u>
Expenses		
Core community operations	1,711,181	1,716,310
Community support and development	195,660	206,593
Resource management and development	705,641	541,792
Capital expenses	31,813	189,330
Treaty negotiations	873,468	810,006
Housing programs	140,228	147,468
First Nation business enterprises and limited partnerships	0	100
Amortization	<u>417,285</u>	<u>441,858</u>
	<u>4,075,276</u>	<u>4,053,457</u>
Annual Surplus (Deficit)	1,042,756	(1,092,691)
Surplus (Deficit) at Beginning of Year	(529,691)	563,000
Surplus (Deficit) at End of Year	<u>513,065</u>	<u>(529,691)</u>

WUI'KINUXV NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED MARCH 31, 2014

	2014	2013
	\$	\$
Annual Surplus (Deficit)	1,042,756	(1,092,691)
Tangible capital assets		
Acquisition of capital assets	(981,880)	(73,831)
Amortization of capital assets	417,285	441,858
Proceeds on disposal of capital assets	0	68,198
Loss (Gain) on disposal of capital assets	0	(25,848)
	(564,595)	410,377
Consumption (acquisition) of deferred expenses	(3,739)	406
	(3,739)	406
Change in Net Debt	474,422	(681,908)
Net Debt at Beginning of Year	(8,151,505)	(7,469,597)
Net Debt at End of Year	(7,677,083)	(8,151,505)

WUI'KINUV NATION
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2014

	2014	2013
	\$	\$
Operating Activities		
Annual surplus (deficit) ¹	1,042,756	(1,092,691)
Non-cash items included in annual surplus (deficit)	(459,359)	336,997
Changes in working capital accounts	646,747	479,965
	<u>1,230,144</u>	<u>(275,729)</u>
Capital Activities		
Purchase of tangible capital assets	(981,880)	(73,831)
Proceeds on disposal of tangible capital assets	0	68,198
	<u>(981,880)</u>	<u>(5,633)</u>
Investing Activities		
Advances to First Nation's limited partnerships	(3,393)	(46,957)
Distributions from First Nation's limited partnerships	66,097	62,500
Transfer of funds from Ottawa Trust Accounts	0	87,000
	<u>62,704</u>	<u>102,543</u>
Financing Activities		
Proceeds from long term debt	593,600	516,800
Repayment of long term debt	(106,844)	(101,511)
Repayment of obligations under capital leases	0	0
	<u>486,756</u>	<u>415,289</u>
Increase (Decrease) in Cash and Equivalents	797,724	236,470
Cash and Equivalents at Beginning of Year	12,663	(223,807)
Cash and Equivalents at End of Year	<u>810,387</u>	<u>12,663</u>
Comprised of		
Cash	810,387	80,547
Bank overdraft	0	(67,884)
	<u>810,387</u>	<u>12,663</u>

¹ Interest received during the year was \$7,119 (2013 - \$7,527). Interest paid during the year was \$43,740 (2013 - \$45,377). Interest received is made up of the interest income from the Statement of Operations. Interest paid is made up of the interest expense from the Statement of Operations in the amount of \$39,790 (2013 - \$44,266) plus the change in the accrued interest payable in the amount of \$3,950 (2013 - \$1,111).

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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 Canadian Institute of Chartered Accountants, which encompass the following principles:

a) Reporting Entity

The Wui'kinuvx Nation reporting entity includes the Wui'kinuvx 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:

- Wui'kinuvx Nation government administration
- Wui'kinuvx Nation treaty negotiation administration

Modified Equity Method

Wui'kinuvx Nation business entities, owned or controlled by the Nation's Council but not dependent on the Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities are recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Kvamua Enterprises Limited Partnership
- Great Bear Carbon Credit Limited Partnership
- Central Coast Commercial Fishing Limited Partnership

c) Portfolio investments

Long-term investments in entities that are not owned, controlled, or influenced 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. In addition to shares in publicly traded securities, portfolio investments include interests in the following:

- Wui'kinuvx Economic Development Corporation
- Great Bear Carbon Credit Corporation

WUI'KINUV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) 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 tangible capital assets and prepaid expenses.

e) Basis of presentation

Sources of financing and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

f) Cash resources

Cash resources includes balances with banks, short-term investments with maturities of three months or less and bank overdraft balances. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

g) Tangible capital assets

Prior to April 1, 1996, acquired tangible capital assets were recognized as operating expenditures and not reported in the capital fund.

Subsequent to March 31, 1996, tangible capital assets acquired in excess of \$5,000 are reported in the capital fund. On acquisition, the costs to acquire tangible assets are reported as expenditures in the operating fund with a corresponding contribution recognized in the capital fund. Cost is based on acquisition cost in the year of the expenditure. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

h) Capital Lease

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on the declining balance basis, over their lease term. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

i) Funds held in trust

Fund held in trust on behalf of Nation members by the Government of Canada are reported on the statement of financial position with an offsetting amount in members' equity. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other Nation capital assets, and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Amortization

Social Housing assets acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long-term debt. Amortization for other tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives.

Buildings	declining balance	4%
Computers	declining balance	30%
Equipment, furniture, power tools	declining balance	20%
Generators	declining balance	4%
Infrastructure	straight line	4%
Logging operations equipment	declining balance	30%
Automobiles	declining balance	30%
Boats and motors	declining balance	15%
Earth moving equipment	declining balance	30%
Equipment under capital lease	declining balance	20%

k) 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.

l) Revenue Recognition

Revenue is recognized on an accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

m) Comparative Figures

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

n) Budget Amounts

Budget amounts which are required under P.S.A.H. have not been provided in the current year due to the fact that budget data was not complete for purposes of inclusion in these financial statements.

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Accounts receivable and advances to related departments and entities are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible assets. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

p) Fund Accounting

The Wui'kinuxv Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal contract, contractual or voluntary actions. The various funds have been amalgamated for purposes of presentation in the consolidated financial statements. Details of the financial position and operations of each fund are set out in the supplementary schedules. The Wui'kinuxv Nation maintains the following funds:

- The Operating Fund which reports the general activities of the Wui'kinuxv Nation administration.
- The Capital Fund which reports the capital assets of the Wui'kinuxv Nation, together with the details on related financing.
- The Housing Fund reports the loans issued to First Nation members for the purchase of housing.
- The Treaty Fund reports on the treaty negotiation activities carried on by the First Nation as specified by the BC Treaty Commission funding agreements.
- The Trusts Fund which reports on trust funds owned by the First Nation and held by third parties.
- The Enterprise Fund which represents the Nation's investment in owned or controlled commercial entities which are self-supporting.

q) Long-lived assets

Long-lived assets consist of property, plant and equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies. The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicated that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when service potential from its use and disposal are less than the assets' carry amount. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in earnings for the year. Prices for similar items are used to measure fair value of long-lived assets.

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Tangible capital assets

In September 2006, the Canadian Institute of Chartered Accountants (CICA) issued amendments to the recommendations in Section 3150 Tangible Capital Assets. PS 3150 established standards on how to account for and report tangible capital assets in government financial statements. The amendments to this Section consisted of expanding its scope to include local governments thereby requiring such governments to capitalize and amortize their tangible capital assets. Revised PS 3150 is effective for interim and annual financial statements of local governments with fiscal years beginning on or after January 31, 2009.

In February 2007, the CICA revised PSG-7 Tangible Capital Assets of Local Governments to provide local governments with transitional guidance on reporting tangible capital asset information in their financial statements prior to adoption of PS 3150. This Guideline requires local governments to disclose the cost, additions, disposals, impairment, amortization, and accumulated amortization for each major category of tangible capital assets.

Wui'kinuv Nation has begun the process of accumulating all of the relevant information required for identifying and reporting tangible capital assets in accordance with the guidance in PS 3150. However, the process has not been completed for March 2014 and has resulted in an audit qualification.

2. CASH

i) Bank overdraft

The general bank account has an overdraft facility in the amount of \$100,000 (2013 - \$100,000) with interest at 7% (2013 - 7%) and a beyond overdraft rate of interest of 28%.

ii) Replacement Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited in the amount of \$20,897 (2013 - \$20,897) annually. These funds, along with accumulated interest, must be held 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 the account may only be used as approved by CMHC. At the year end this reserve was not adequately funded by \$234,850 (2013 - \$213,953).

iii) Subsidy Surplus and Operating Reserve Funds

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. At the year end the operating reserve fund was not adequately funded by \$159,289 (2013 - \$153,813).

WUI'KINUV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

2. CASH (continued)

Cash and bank overdraft are comprised of the following:

	2014	2013
	\$	\$
Cash		
General accounts	803,318	74,558
Treaty account	1,078	0
Social housing accounts	5,991	5,989
	810,387	80,547
Restricted cash		
Replacement Reserve	1,519	1,511
Subsidy Surplus and Operating Reserve Funds	0	0
	1,519	1,511
Bank overdraft		
General account	0	(64,952)
Treaty accounts	0	(2,932)
	0	(67,884)

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2014	2013
	\$	\$
Due from members:		
First Nation Members	746,589	670,553
Allowance for doubtful accounts	<u>(746,589)</u>	<u>(670,553)</u>
	0	0
Due from others:		
Aboriginal Affairs and Northern Development Canada	0	24,271
Health and Welfare Canada	0	131,722
CMHC	7,533	7,533
Fisheries and Oceans Canada	48,471	130,543
Other government agencies	57,747	6,875
Other First Nations and Societies	287,947	16,760
Sales tax recoverable	90,478	60,265
General accounts	<u>146,406</u>	<u>13,396</u>
	638,582	391,365
Allowance for doubtful accounts	<u>(143,846)</u>	<u>(26,907)</u>
	494,736	364,458
Net accounts receivable	494,736	364,458

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

4. ADVANCES TO/FROM RELATED ENTITIES

	2014 \$	2013 \$
Due From		
Wui'kinuv Economic Development Corporation	18,737	18,737
Kvamua Enterprise Limited Partnership	63,987	63,985
	<u>82,724</u>	<u>82,722</u>
Due To		
Midawis Maintenance Services Limited Partnership	98,321	83,160
	<u>98,321</u>	<u>83,160</u>

The Nation is a named beneficiary of the Wui'kinuv Business Trust which holds limited partnership interests in the Midawis Maintenance Services Limited Partnership and in the Wanukuv Fuel Delivery Services Limited Partnership.

5. PORTFOLIO INVESTMENT

The market value shares held of publicly traded securities with a book value of \$32,606 (2013 - \$32,606) is \$44,979 (2013 - \$32,571).

6. FUNDS HELD IN TRUST

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

	2013 \$	Additions \$	Withdrawals \$	2014 \$
Revenue accounts	8,203	7,793	0	15,996
Capital accounts	241,366	0	0	241,366
	<u>249,569</u>	<u>7,793</u>	<u>0</u>	<u>257,362</u>

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

7. INVESTMENT IN BUSINESS ENTERPRISES

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

	2014	2013
	\$	\$
Investments & Accumulated Earnings in Partnerships		
Kvamua Enterprises Limited Partnership	728,406	0
Central Coast Commercial Fishing Limited Partnership	110,111	0
Great Bear Carbon Credit Limited Partnership	22,985	55,355
Net Investment in Business Enterprises	861,502	55,355

The Nation is a limited partner of the Kvamua Enterprises Limited Partnership with a limited partnership interest of 99.99%. The Partnership is managed the general partner, Kvamua Forestry Services Ltd., a wholly owned subsidiary of the Wui'kinuxv Economic Development Corporation.

The Nation is a limited partner of the Central Coast Commercial Fishing Limited Partnership with a limited partnership interest of 25%. The Partnership is managed the general partner, Central Coast Commercial Fishing Ltd.

The Nation is a limited partner of the Great Bear Carbon Credit Limited Partnership with a limited partnership interest of 12.34%. The Partnership is managed the general partner, Great Bear Carbon Credit Corporation.

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	0	3,827,364
Capital & Other	0	6,014
	<u>0</u>	<u>3,833,378</u>
Liabilities		
Current	0	2,529,528
Long Term	0	0
	<u>0</u>	<u>2,529,528</u>
Partner's Interest		
	n/a	442,347
Net Assets (Liabilities)	0	861,503
Total Revenues	0	13,917,585
Total Expenses	0	12,784,855
Net Income (Loss) for the Year	0	1,132,730

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
	\$	\$
Trade payables	998,622	474,711
Accrued salaries and benefits payable	199,038	31,945
Aboriginal Affairs and Northern Development Canada	78,395	0
Other accrued liabilities	2,705	6,655
	<u>1,278,760</u>	<u>513,311</u>

9. EMPLOYEE BENEFIT OBLIGATIONS

	2014	2013
	\$	\$
Vacation and overtime	29,840	34,307
Pension plan contributions	8,943	1,506
	<u>38,783</u>	<u>35,813</u>

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 contributions are matched by the Nation, whose 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 \$5,700 (2013 - \$6,608) for retirement benefits. The Nation does not have any other obligations with regards to the pension plan as at March 31, 2014.

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

10. DEFERRED REVENUES

	2013 \$	Funding received \$	Funding returned \$	Revenue Recognized \$	2014 \$
AANDC -					
Wharf engineering	91,107	0	0	(79,000)	12,107
Wharf construction	0	1,068,268	0	(877,696)	190,572
P&ID	21,500	0	(21,500)	0	0
ACRS Water	4,006	0	0	(395)	3,611
Health Canada	82,088	371,017	0	(441,976)	11,129
CMHC -					
Proposal Development					
Funding	25,900	0	0	0	25,900
Province of BC	25,000	0	0	(18,524)	6,476
MCFNTS -					
Fishing Master 4	6,939	0	0	0	6,939
Job Readiness	5,866	0	0	0	5,866
Vancouver Coastal Health	7,000	4,000	0	(7,000)	4,000
FN Education Jurisdiction	9,966	0	0	0	9,966
United Way	51,536	0	0	0	51,536
	330,908	1,443,285	(21,500)	(1,424,591)	328,102

WUI'KINUV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

11. LONG-TERM DEBT

	2014	2013
	\$	\$
All Nations Trust Company Social Housing Loan: Phase 97-V		
- Interest at 1.71%, compounded semi-annually		
- Monthly blended payments of \$2,544		
- Term renewal date of September 01, 2017		
- Secured by buildings with a net book value of \$594,948		
- Balance outstanding	367,908	391,945
All Nations Trust Company Social Housing Loan: Phase 97-IV		
- Interest at 2.26%, compounded semi-annually		
- Monthly blended payments of \$2,669		
- Term renewal date of August 1, 2016		
- Secured by buildings with a net book value of \$627,461		
- Balance outstanding	338,587	362,703
All Nations Trust Company Social Housing Loan: Phase 97-III		
- Interest at 2.75%, compounded semi-annually		
- Monthly blended payments of \$2,751		
- Term renewal date of February 1, 2016		
- Secured by buildings with a net book value of \$914,887		
- Balance outstanding	198,627	225,799
All Nations Trust Company Social Housing Loan: Phase II		
- Interest at 1.67%, compounded semi-annually		
- Monthly blended payments of \$2,327		
- Term renewal date of April 1, 2017		
- Secured by buildings with a net book value of \$205,084		
- Balance outstanding	204,948	229,241
Coastal Community Credit Union Mould Renovation Mortgage		
- Interest at 4.55%, compounded semi-annually		
- Monthly blended payments of \$760		
- Term renewal date of June 05, 2016		
- Balance outstanding	34,846	42,072
	<hr/> <u>1,144,916</u>	<hr/> <u>1,251,760</u>

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

11. LONG-TERM DEBT (continued)

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2014	\$109,440
2015	\$254,049
2016	\$357,373
2017	\$424,055
2018	\$0
balance due thereafter	\$0

12. TREATY NEGOTIATION LOAN

	2014	2013
BC Treaty Commission		
- Interest free loan until amount 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.		
- Loan becomes due and payable on the earlier of:		
(a) Seven years from the date of signing of an Agreement-in-Principle		
(b) The date of signing a treaty		
(c) The date the loan agreement is terminated		
(d) September 16, 2016		
- Balance outstanding	7,329,037	6,735,437
	7,329,037	6,735,437

13. CONTINGENT LIABILITIES

The Nation is contingently liable with respect to Ministerial guarantees for "On Reserve Housing Loans" to various financial institutions in the amount of \$80,760 (2013 - \$89,725).

The Nation is currently disputing a claim from a vendor in respect of service and equipment rental agreements. The amount claimed exceeds recorded amounts by \$44,769. The final resolution of the claim is underdetermined.

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

14. TANGIBLE CAPITAL ASSETS

	Cost	Additions	Disposals	Accumulated amortization	2014 Net book value
Buildings	4,566,990	0	0	1,782,499	2,784,491
Computers	69,941	0	0	49,653	20,288
Equipment, furniture, power tools	150,401	25,184	0	132,328	43,257
Infrastructure	2,123,991	956,696	0	957,523	2,123,164
Automobiles	211,106	0	0	180,097	31,009
Boats and motors	560,654	0	0	245,064	315,590
Generators	540,887	0	0	188,480	352,407
Housing - CMHC and assisted	3,538,223	0	0	1,133,627	2,404,596
Equipment under capital lease	0	0	0	0	0
Logging operations equipment	43,973	0	0	39,173	4,800
Earth moving equipment	209,262	0	0	153,832	55,430
	<u>12,015,428</u>	<u>981,880</u>	<u>0</u>	<u>4,862,276</u>	<u>8,135,032</u>

	Cost	Additions	Disposals	Accumulated amortization	2013 Net book value
Buildings	4,566,990	0	0	1,666,479	2,900,511
Computers	82,235	0	12,294	40,958	28,983
Equipment, furniture, power tools	157,981	1,336	8,916	124,662	25,739
Infrastructure	2,123,991	0	0	853,430	1,270,561
Automobiles	195,086	16,020	0	166,807	44,299
Boats and motors	560,654	0	0	217,658	342,996
Generators	540,887	0	0	173,796	367,091
Housing - CMHC and assisted	3,538,223	0	0	1,034,009	2,504,214
Equipment under capital lease	0	0	0	0	0
Logging operations equipment	189,231	0	145,258	37,116	6,857
Earth moving equipment	152,787	56,475	0	130,076	79,186
	<u>12,108,065</u>	<u>73,831</u>	<u>166,468</u>	<u>4,444,991</u>	<u>7,570,437</u>

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

15. ACCUMULATED SURPLUS (DEFICIT)

	2014	2013
	\$	\$
Internally Restricted:		
Invested in business enterprises	861,502	55,355
Invested in tangible capital assets	6,990,116	6,318,677
Treaty negotiation loan financing	(7,329,037)	(6,735,437)
Other internally restricted:		
Resource Initiatives		
- Integrated Resource Stewardship	291,536	126,680
	<u>814,117</u>	<u>(234,725)</u>
Externally Restricted:		
Ottawa Trust account withdrawal loan	50,000	50,000
Capital projects	0	0
Funds held in trust by government	257,362	249,569
Housing replacement reserve	236,369	215,464
Housing operating reserve	159,289	153,183
Treaty negotiation funds	0	8,079
	<u>703,020</u>	<u>676,295</u>
Unrestricted surplus (deficit)	(1,004,072)	(971,261)
Accumulated surplus (deficit) at end of year	<u>513,065</u>	<u>(529,691)</u>

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

16. SCHEDULE OF EXPENSES BY OBJECT

	2014	2013
	\$	\$
Wages and payroll costs	1,010,619	909,408
Freight and fuel	513,927	635,678
Consulting & professional fees	424,841	454,244
Amortization	417,285	441,859
Travel	321,699	251,132
Contract & subcontract costs	309,709	283,480
Bad debts	194,101	71,310
Honoraria	141,629	107,875
Meeting and workshop costs	130,899	87,120
Direct member benefits	122,131	155,169
Repairs and maintenance	96,925	121,556
Materials and supplies	95,086	118,403
Insurance	83,786	90,414
Licenses, dues and fees	63,031	2,072
Telecommunications	59,601	55,014
Interest and bank charges	39,790	44,266
Social Program costs	20,508	22,163
Equipment costs	18,356	76,012
Vehicle costs	9,162	15,370
Miscellaneous	2,191	17,191
Infrastructure construction	0	84,412
Residential construction costs	0	9,209
Investments - Share of net loss and writedowns	0	100
	<u>4,075,276</u>	<u>4,053,457</u>

WUI'KINUV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

17. ECONOMIC DEPENDENCE

Wui'kinuv Nation receives substantially all of its revenues from Aboriginal Affairs and Northern Development Canada (AANDC) as a result of agreements entered into with the government of Canada. These agreements are administered by AANDC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

Due to certain deficiencies in its operating fund position, the Nation is also party to a Remedial Management Action Plan agreement with Aboriginal Affairs and Northern Development Canada that expires on March 15, 2015. Under the terms of the agreement, funding from the Remedial Management Plan can be suspended if the Nation does not comply with the terms of the agreement.

18. FINANCIAL INSTRUMENTS

The Nation as part of its operations carries a number of financial instruments. It is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit concentration:

Financial instruments that potentially subject the Nation to concentrations of credit risk consist primarily of accounts receivable. Funding from government agencies to the Nation represents 23 (2013 - 83%) of the net accounts receivable balance. Due to the source of funding, the Nation believes there is no unusual exposure associated with the collection of these receivables.

19. PRIOR PERIOD ADJUSTMENT

The participation of the Nation in the Great Bear Carbon Credit Limited Partnership was not identified during the prior year, resulting in an understatement of revenue by \$55,355 for the Nation's share of income earned by the Great Bear Carbon Credit Limited Partnership and the balance of the investment in government business entities of \$55,355 in the year ended March 31, 2013. The results for 2013 have been restated to reflect both the income from government business entities and the investment in government business entities.

WUI'KINUV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

20. 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.

Community Services

Community Services 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.

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.

Community & Economic Development

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

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:

WUI'KINUXV NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

20. SEGMENT DISCLOSURE (continued)

Year ended March 31, 2014:

	General Administration	Community Services	Housing	Health & Social Development	Education	Community & Economic Development	Treaty	Eliminations	Consolidated Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
AANDC	204,158	1,612,471	(6,250)	103,783	131,488	185,000	0	0	2,230,650
Federal	0	0	90,399	359,888	0	142,590	0	0	592,877
Provincial	0	18,524	0	0	0	100,012	208,400	0	326,936
Other	213,878	111,714	111,248	26,207	6,200	1,713,258	0	(214,936)	1,967,569
	418,036	1,742,709	195,397	489,878	137,688	2,140,860	208,400	(214,936)	5,118,032
Expenses									
Salaries and benefits	153,320	57,612	0	254,282	7,396	376,364	173,438	0	1,022,412
Interest	14,034	0	25,754	0	0	3	0	0	39,791
Amortization	0	317,666	99,619	0	0	0	0	0	417,285
Other	382,132	668,452	121,194	236,773	77,586	624,557	700,030	(214,936)	2,595,788
	549,486	1,043,730	246,567	491,055	84,982	1,000,924	873,468	(214,936)	4,075,276
Transfers	0	(367)	7,324	4,321	0	(74,667)	63,389	0	0
Annual Surplus (Deficit)	(131,450)	698,612	(43,846)	3,144	52,706	1,065,269	(601,679)	0	1,042,756

WUI'KINUV NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

20. SEGMENT DISCLOSURE (continued)

Year ended March 31, 2013:

	General Administration	Community Services	Housing	Health & Social Development	Education	Community & Economic Development	Treaty	Eliminations	Consolidated Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
AANDC	197,636	575,579	0	87,089	164,489	149,305	0	0	1,174,098
Federal	0	0	93,214	236,201	0	148,450	0	0	477,865
Provincial	0	0	0	0	0	114,220	159,200	0	273,420
Other	159,984	86,729	99,408	0	5,800	849,066	0	(165,604)	1,035,383
	357,620	662,308	192,622	323,290	170,289	1,261,041	159,200	(165,604)	2,960,766
Expenses									
Salaries and benefits	203,796	58,455	0	137,915	10,075	338,685	160,482	0	909,408
Interest	10,129	0	33,969	0	0	168	0	0	44,266
Amortization	0	346,794	95,064	0	0	0	0	0	441,858
Other	285,583	962,523	119,371	210,516	102,855	493,157	649,524	(165,604)	2,657,925
	499,508	1,367,772	248,404	348,431	112,930	832,010	810,006	(165,604)	4,053,457
Transfers	142,595	163,562	226,760	13,097	0	(546,014)	0	0	0
Annual Surplus (Deficit)	707	(541,902)	170,978	(12,044)	57,359	(116,983)	(650,806)	0	(1,092,691)