

**WUI'KINUXV NATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**



# **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 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, Allemekinders & Company Chartered Professional Accountant, 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 Shattock

Chief

# ALLEMEKINDERS & COMPANY

CHARTERED PROFESSIONAL ACCOUNTANT

## INDEPENDENT AUDITORS' REPORT

### To the Members, Wui'kinuox Nation

We have audited the accompanying financial statements of Wui'kinuox Nation, which comprise the consolidated statement of financial position as at March 31, 2015, 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

During the course of our examination, we identified \$51,395 in social assistance, \$28,604 in travel and \$21,449 in other expenditures which were not supported by sufficient supporting documentation. Based on the sampling process, we project an additional \$26,317 would not be supported by sufficient supporting documentation.

# ALLEMEKINDERS & COMPANY

Financial information pertaining to the Kvamua Enterprises Limited Partnership has been reported based on entity level financial statements that were not audited or subject to a review assurance engagement. Had we conducted sufficient and appropriate audit procedures on the financial records of the Partnership we would have been able to determine if any adjustments would have been necessary to investments and the net income or loss earned by the Partnership.

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 with 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.

## **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 Wui'kinuxv Nation as at March 31, 2015, 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 Professional Accountant**

Campbell River, BC  
February 16, 2016

**WUI'KINUV NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**YEAR ENDED MARCH 31, 2015**

	Notes	2015 \$	2014 \$
<b>Financial Assets</b>			
Cash	2	519,972	810,387
Restricted cash	2	1,534	1,519
Accounts receivable	3	496,489	494,736
Advances to related entities	4	0	82,724
Portfolio investments	5	0	32,606
Funds held in trust	6	264,250	257,362
Investment in business enterprises	7	1,286,420	861,502
		<u>2,568,665</u>	<u>2,540,836</u>
<b>Liabilities</b>			
Bank overdraft	2	0	0
Accounts payable and accrued liabilities	8	590,185	1,278,760
Employee benefit obligations	9	60,539	38,783
Advances from related entities	4	98,321	98,321
Deferred revenues	10	339,664	328,102
Long-term debt	11	1,035,485	1,144,916
Treaty negotiation loan	12	<u>7,922,237</u>	<u>7,329,037</u>
		<u>10,046,431</u>	<u>10,217,919</u>
<b>Net Debt</b>		<u>(7,477,766)</u>	<u>(7,677,083)</u>
<b>Non-Financial Assets</b>			
Prepaid expenditures		45,201	55,116
Tangible capital assets	14	<u>7,963,709</u>	<u>8,135,032</u>
		<u>8,008,910</u>	<u>8,190,148</u>
<b>Accumulated Surplus</b>	15, 19	<u>531,144</u>	<u>513,065</u>

Contingent liabilities (Note 13)

APPROVED ON BEHALF OF COUNCIL

Rose Darbett  
Am. C.S.

**WUI'KINUV NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED MARCH 31, 2015**

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>Revenues</b>		
Aboriginal Affairs and Northern Development Canada	1,779,488	2,230,650
First Nation business enterprises and limited partnerships	835,089	868,851
Commercial sales and licensing	349,334	306,115
Province of British Columbia	312,035	326,936
First Nations Health Authority	309,232	0
Rental income	148,459	115,605
Department of Fisheries and Oceans	125,741	137,698
Central Coast Indigenous Resource Alliance	120,650	153,655
Canada Mortgage and Housing Corporation	90,399	90,399
Health Canada	11,129	359,888
Coast Conservation Endowment Fund Foundation	0	195,650
WKNTC	0	116,761
Other revenue	313,286	215,824
	<u>4,394,842</u>	<u>5,118,032</u>
<b>Expenses</b>		
Core community operations	1,865,614	1,711,181
Community support and development	215,611	195,660
Resource management and development	735,661	705,641
Capital expenses	255,926	31,813
Treaty negotiations	739,980	873,468
Housing programs	133,575	140,228
First Nation business enterprises and limited partnerships	0	0
Amortization	430,396	417,285
	<u>4,376,763</u>	<u>4,075,276</u>
<b>Annual Surplus</b>	<b>18,079</b>	<b>1,042,756</b>
<b>Surplus (Deficit) at Beginning of Year</b>	<b>513,065</b>	<b>(529,691)</b>
<b>Surplus at End of Year</b>	<b>531,144</b>	<b>513,065</b>

**WUI'KINUV NATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT**  
**YEAR ENDED MARCH 31, 2015**

	<b>2015</b> \$	<b>2014</b> \$
<b>Annual Surplus</b>	<b>18,079</b>	<b>1,042,756</b>
<b>Tangible capital assets</b>		
Acquisition of capital assets	(259,073)	(981,880)
Amortization of capital assets	430,396	417,285
Proceeds on disposal of capital assets	0	0
Loss (Gain) on disposal of capital assets	0	0
	<b>171,323</b>	<b>(564,595)</b>
<b>Consumption (acquisition) of deferred expenses</b>	<b>9,915</b>	<b>(3,739)</b>
	<b>9,915</b>	<b>(3,739)</b>
<b>Change in Net Debt</b>	<b>199,317</b>	<b>474,422</b>
<b>Net Debt at Beginning of Year</b>	<b>(7,677,083)</b>	<b>(8,151,505)</b>
<b>Net Debt at End of Year</b>	<b>(7,477,766)</b>	<b>(7,677,083)</b>

**WUI'KINUV NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**YEAR ENDED MARCH 31, 2015**

	<b>2015</b> \$	<b>2014</b> \$
<b>Operating Activities</b>		
Annual surplus (deficit) <sup>1</sup>	18,079	1,042,756
Non-cash items included in annual surplus (deficit)	(389,266)	(459,359)
Changes in working capital accounts	(531,780)	646,747
	<u>(902,967)</u>	<u>1,230,144</u>
<b>Capital Activities</b>		
Purchase of tangible capital assets	(259,073)	(981,880)
	<u>(259,073)</u>	<u>(981,880)</u>
<b>Investing Activities</b>		
Advances to First Nation's limited partnerships	(173,420)	(3,393)
Distributions from First Nation's limited partnerships	561,276	66,097
	<u>387,856</u>	<u>62,704</u>
<b>Financing Activities</b>		
Proceeds from long term debt	593,200	593,600
Repayment of long term debt	(109,431)	(106,844)
	<u>483,769</u>	<u>486,756</u>
<b>Increase (Decrease) in Cash and Equivalents</b>	<b>(290,415)</b>	<b>797,724</b>
<b>Cash and Equivalents at Beginning of Year</b>	<b>810,387</b>	<b>12,663</b>
<b>Cash and Equivalents at End of Year</b>	<b>519,972</b>	<b>810,387</b>
<b>Comprised of</b>		
Cash	519,972	810,387
Bank overdraft	0	0
	<u>519,972</u>	<u>810,387</u>

<sup>1</sup> Interest received during the year was \$6,231 (2014 - \$7,119). Interest paid during the year was \$52,998 (2014 - \$43,740). 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 \$52,816 (2014 - \$39,790) plus the change in the accrued interest payable in the amount of \$182 (2014 - \$3,950).

**WUI'KINUV NATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for governments, which encompass the following principles:

**a) Reporting Entity**

The Wui'kinuv Nation reporting entity includes the Wui'kinuv 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'kinuv Nation government administration
- Wui'kinuv Nation treaty negotiation administration

*Modified Equity Method*

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

**WUI'KINUV NATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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.

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 2015 and has resulted in an audit qualification.

**WUI'KINUXV NATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

**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.

**WUI'KINUV NATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

**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'kinuv 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'kinuv Nation maintains the following funds:

- The Operating Fund which reports the general activities of the Wui'kinuv Nation administration.
- The Capital Fund which reports the capital assets of the Wui'kinuv Nation, together with the details on related financing.
- The Housing Fund reports the loans issued to First Nation members for the purchase of housing.

**WUI'KINUV NATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

- 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.

**2. CASH**

**i) Bank overdraft**

The general bank account has an overdraft facility in the amount of \$100,000 (2014 - \$100,000) with interest at 7% (2014 - 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 (2014 - \$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 \$255,747 (2014 - \$234,850).

**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 \$164,702 (2014 - \$159,289).

**WUI'KINUV NATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**2. CASH (continued)**

Cash and bank overdraft are comprised of the following:

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>Cash</b>		
General accounts	106,687	803,318
Treaty account	406,613	1,078
Social housing accounts	6,672	5,991
	<b>519,972</b>	<b>810,387</b>
<b>Restricted cash</b>		
Replacement Reserve	1,534	1,519
Subsidy Surplus and Operating Reserve Funds	0	0
	<b>1,534</b>	<b>1,519</b>
<b>Bank overdraft</b>		
General account	0	0
Treaty accounts	0	0
	<b>0</b>	<b>0</b>

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>Due from members:</b>		
First Nation Members	811,572	746,589
Allowance for doubtful accounts	<b>(811,572)</b>	<b>(746,589)</b>
	<b>0</b>	<b>0</b>
<b>Due from others:</b>		
Aboriginal Affairs and Northern Development Canada	1,500	0
Health and Welfare Canada	0	0
CMHC	52,733	7,533
Fisheries and Oceans Canada	76,599	48,471
Other government agencies	102,555	57,747
Other First Nations and Societies	178,490	287,947
Sales tax recoverable	92,694	90,478
General accounts	<b>127,306</b>	<b>146,406</b>
	631,877	638,582
Allowance for doubtful accounts	<b>(135,388)</b>	<b>(143,846)</b>
	<b>496,489</b>	<b>494,736</b>
<b>Net accounts receivable</b>	<b>496,489</b>	<b>494,736</b>

**WUI'KINUV NATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**4. ADVANCES TO/FROM RELATED ENTITIES**

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>Due From</b>		
Wui'kinuv Economic Development Corporation	0	18,737
Kvamua Enterprise Limited Partnership	0	63,987
	<b>0</b>	<b>82,724</b>
<b>Due To</b>		
Midawis Maintenance Services Limited Partnership	98,321	98,321
	<b>98,321</b>	<b>98,321</b>

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 \$0 (2014 - \$32,606) is \$0 (2014 - \$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.

	<b>2014</b>	<b>Additions</b>	<b>Withdrawals</b>	<b>2015</b>
	\$	\$	\$	\$
Revenue accounts	15,996	6,888	0	22,884
Capital accounts	241,366	0	0	241,366
	<b>257,362</b>	<b>6,888</b>	<b>0</b>	<b>264,250</b>

**WUI'KINUV NATION**  
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**7. INVESTMENT IN BUSINESS ENTERPRISES**

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

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>Investments &amp; Accumulated Earnings in Partnerships</b>		
Kvamua Enterprises Limited Partnership	888,507	728,406
Central Coast Commercial Fishing Limited Partnership	62,743	110,111
Great Bear Carbon Credit Limited Partnership	335,170	22,985
<b>Net Investment in Business Enterprises</b>	<b>1,286,420</b>	<b>861,502</b>

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'kinuv 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 Partnerships
<b>Assets</b>	
Current	3,209,079
Capital & Other	4,301
	<u>3,213,380</u>
<b>Liabilities</b>	
Current	1,801,653
Long Term	0
	<u>1,801,653</u>
<b>Partner's Interest</b>	<u>408,639</u>
<b>Net Assets (Liabilities)</b>	<u>1,003,088</u>
 <b>Total Revenues</b>	 5,116,547
<b>Total Expenses</b>	<u>4,574,805</u>
<b>Net Income (Loss) for the Year</b>	<u>541,742</u>

**WUI'KINUV NATION**  
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**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2015</b>	<b>2014</b>
	\$	\$
Trade payables	493,232	998,622
Accrued salaries and benefits payable	76,649	199,038
Aboriginal Affairs and Northern Development Canada	17,781	78,395
Other accrued liabilities	2,523	2,705
	<b><u>590,185</u></b>	<b><u>1,278,760</u></b>

**9. EMPLOYEE BENEFIT OBLIGATIONS**

	<b>2015</b>	<b>2014</b>
	\$	\$
Vacation and overtime	57,535	29,840
Pension plan contributions	3,004	8,943
	<b><u>60,539</u></b>	<b><u>38,783</u></b>

**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 \$5,680 (2014 - \$5,700) for retirement benefits. The Nation does not have any other obligations with regards to the pension plan as at March 31, 2015.

**WUI'KINUXV NATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**10. DEFERRED REVENUES**

	2014 \$	Funding received \$	Funding returned \$	Revenue Recognized \$	2015 \$
<b>AANDC -</b>					
Wharf engineering	12,107	0	0	(12,107)	0
Wharf construction	190,572	0	0	(190,572)	0
P&ID	0	0	0	0	0
ACRS Water	3,611	0	(3,611)	0	0
Private schools	0	6,458	0	0	6,458
Post Secondary	0	113,327	(2,041)	(49,403)	61,883
TRM Environmental	0	17,925	0	(15,027)	2,898
Housing Multi Year	0	20,000	0	0	20,000
Electrical Systems	0	100,758	0	0	100,758
Health Canada	11,129	0	0	(11,129)	0
<b>CMHC -</b>					
Proposal Development Funding	25,900	0	0	0	25,900
Province of BC	6,476	20,000	0	0	26,476
<b>MCFNTS -</b>					
Fishing Master 4	6,939	0	(1,525)	0	5,414
Job Readiness	5,866	0	(5,866)	0	0
CCIRA	0	24,375	0	0	24,375
Vancouver Coastal Health	4,000	0	0	0	4,000
FN Education Jurisdiction	9,966	0	0	0	9,966
United Way	51,536	0	0	0	51,536
	<b>328,102</b>	<b>302,843</b>	<b>(13,043)</b>	<b>(278,238)</b>	<b>339,664</b>

**WUI'KINUXV NATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**11. LONG-TERM DEBT**

	2015	2014
	\$	\$
<b>All Nations Trust Company</b>		
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 \$570,499		
- Balance outstanding	343,460	367,908
<b>All Nations Trust Company</b>		
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 \$602,797		
- Balance outstanding	313,922	338,587
<b>All Nations Trust Company</b>		
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 \$886,962		
- Balance outstanding	170,702	198,627
<b>All Nations Trust Company</b>		
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 \$180,383		
- Balance outstanding	180,247	204,948
<b>Coastal Community Credit Union</b>		
Mould Renovation Mortgage		
- Interest at 4.55%, compounded semi-annually		
- Monthly blended payments of \$760		
- Term renewal date of June 05, 2016		
- Balance outstanding	27,154	34,846
	<hr/> <u>1,035,485</u>	<hr/> <u>1,144,916</u>

**WUI'KINUV NATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**11. LONG-TERM DEBT (continued)**

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

2016	\$112,061
2017	\$113,303
2018	\$115,991
2019	\$112,512
2020	\$113,039

**12. TREATY NEGOTIATION LOAN**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>BC Treaty Commission</b>		
- 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	<u>7,922,237</u>	<u>7,329,037</u>
	<u>7,922,237</u>	<u>7,329,037</u>

**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 \$77,373 (2014 - \$80,760).

**WUI'KINUV NATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**14. TANGIBLE CAPITAL ASSETS**

	Cost	Additions	Disposals	Accumulated amortization	2015 Net book value
Buildings	4,566,990	0	0	1,893,879	2,673,111
Computers	69,941	0	0	56,219	13,722
Equipment, furniture, power tools	175,585	0	0	141,318	34,267
Infrastructure	3,080,687	214,512	0	1,085,041	2,210,158
Automobiles	211,106	5,000	0	194,190	21,916
Boats and motors	560,654	39,561	0	273,009	327,206
Generators	540,887	0	0	202,576	338,311
Housing - CMHC and assisted	3,538,223	0	0	1,235,366	2,302,857
Logging operations equipment	43,973	0	0	40,613	3,360
Earth moving equipment	209,262	0	0	170,461	38,801
	<b>12,997,308</b>	<b>259,073</b>	<b>0</b>	<b>5,292,672</b>	<b>7,963,709</b>

	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
Logging operations equipment	43,973	0	0	39,173	4,800
Earth moving equipment	209,262	0	0	153,832	55,430
	<b>12,015,428</b>	<b>981,880</b>	<b>0</b>	<b>4,862,276</b>	<b>8,135,032</b>

**WUI'KINUV NATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**15. ACCUMULATED SURPLUS (DEFICIT)**

	<b>2015</b> \$	<b>2014</b> \$
<b>Internally Restricted:</b>		
Invested in business enterprises	1,286,420	861,502
Invested in tangible capital assets	6,928,224	6,990,116
Treaty negotiation loan financing	(7,922,237)	(7,329,037)
<b>Other internally restricted:</b>		
Resource Initiatives		
- Integrated Resource Stewardship	<u>359,322</u>	<u>291,536</u>
	<u>651,729</u>	<u>814,117</u>
<b>Externally Restricted:</b>		
Ottawa Trust account withdrawal loan	50,000	50,000
Capital projects	0	0
Funds held in trust by government	264,250	257,362
Housing replacement reserve	257,281	236,369
Housing operating reserve	164,702	159,289
Treaty negotiation funds	61,520	0
	<u>797,753</u>	<u>703,020</u>
<b>Unrestricted surplus (deficit)</b>	<b>(918,338)</b>	<b>(1,004,072)</b>
<b>Accumulated surplus at end of year</b>	<b><u>531,144</u></b>	<b><u>513,065</u></b>

**WUI'KINUV NATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**16. SCHEDULE OF EXPENSES BY OBJECT**

	<b>2015</b> \$	<b>2014</b> \$
Wages and payroll costs	1,120,444	1,010,619
Consulting & professional fees	722,091	424,841
Freight and fuel	464,202	513,927
Amortization	430,396	417,285
Travel	414,699	321,699
Direct member benefits	220,425	122,131
Contract & subcontract costs	218,733	309,709
Honoraria	127,731	141,629
Materials and supplies	99,812	95,086
Licenses, dues and fees	97,024	63,031
Insurance	87,286	83,786
Meeting and workshop costs	83,739	130,899
Repairs and maintenance	66,526	96,925
Bad debts	65,669	194,101
Telecommunications	55,216	59,601
Interest and bank charges	52,816	39,790
Miscellaneous	21,107	2,191
Equipment costs	18,686	18,356
Vehicle costs	9,560	9,162
Social Program costs	601	20,508
	<b>4,376,763</b>	<b>4,075,276</b>

**WUI'KINUXV NATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**17. ECONOMIC DEPENDENCE**

Wui'inuxv 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, 2016. 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 47% (2014 - 23%) 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. 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.

**WUI'KINUXV NATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**19. SEGMENT DISCLOSURE (continued)**

**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**  
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**19. SEGMENT DISCLOSURE (continued)**

**Year ended March 31, 2015:**

	General Administration	Community Services	Housing	Health & Social Development	Education	Community & Economic Development	Treaty	Eliminations	Consolidated Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>									
AANDC	206,566	1,194,867	0	67,641	75,382	235,032	0	0	1,779,488
Federal	0	0	90,399	11,129	0	125,741	0	0	227,269
Provincial	0	0	0	0	0	103,735	208,300	0	312,035
Other	185,745	127,350	104,595	309,232	5,000	1,540,781	0	(196,653)	2,076,050
	392,311	1,322,217	194,994	388,002	80,382	2,005,289	208,300	(196,653)	4,394,842
<b>Expenses</b>									
Salaries and benefits	128,236	84,057	0	235,574	5,655	478,978	188,812	0	1,121,312
Interest	29,816	1,260	23,000	0	0	0	0	0	54,076
Amortization	0	430,396	0	0	0	0	0	0	430,396
Other	480,684	852,580	116,408	215,461	178,392	572,939	551,168	(196,653)	2,770,979
	638,736	1,368,293	139,408	451,035	184,047	1,051,917	739,980	(196,653)	4,376,763
Transfers	39,785	17,759	0	52,000	0	(109,544)	0	0	0
<b>Annual Surplus (Deficit)</b>	<b>(206,640)</b>	<b>(28,317)</b>	<b>65,586</b>	<b>(11,033)</b>	<b>(103,665)</b>	<b>843,828</b>	<b>(531,680)</b>	<b>0</b>	<b>18,079</b>

**WUI'KINUXV NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**19. SEGMENT DISCLOSURE (continued)**

**Year ended March 31, 2014:**

	General	Community	Housing	Health &	Community &	Treaty	Eliminations	Consolidated
	Administration	Services		Social Development				Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
AANDC	204,158	1,612,471	(6,250)	103,783	131,488	185,000	0	0
Federal	0	0	90,399	359,888	0	142,590	0	0
Provincial	0	18,524	0	0	0	100,012	208,400	0
Other	213,878	111,714	111,248	26,207	6,200	1,713,258	0	(214,936)
	418,036	1,742,709	195,397	489,878	137,688	2,140,860	208,400	(214,936)
								5,118,032
<b>Expenses</b>								
Salaries and benefits	153,320	57,612	0	254,282	7,396	376,364	173,438	0
Interest	14,034	0	25,754	0	0	3	0	0
Amortization	0	317,666	99,619	0	0	0	0	0
Other	382,132	668,452	121,194	236,773	77,586	624,557	700,030	(214,936)
	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
Annual Surplus (Deficit)	(131,450)	698,612	(43,846)	3,144	52,706	1,085,260	(601,679)	0
								1,042,756