

WUI'KINUXV NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Wui'kinuxv Nation, which comprise the consolidated statement of financial position as at March 31, 2016, 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 \$27,820 in social assistance and \$21,913 in travel expenditures which were not supported by sufficient supporting documentation. Based on the sampling process, we project an additional \$26,081 would not be supported by sufficient supporting documentation.

ALLEMEKINDERS & COMPANY

CHARTERED PROFESSIONAL ACCOUNTANT

During the prior year 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 projected an additional \$26,317 would not be supported by sufficient supporting documentation.

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, 2016, 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 .



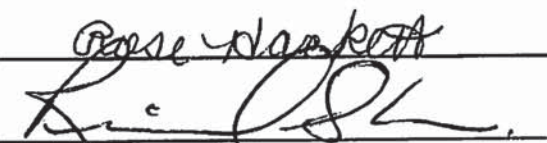
Chartered Professional Accountant

Campbell River, BC
November 16, 2016

WUI'KINUXV NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEAR ENDED MARCH 31, 2016

	Notes	2016 \$	2015 \$
Financial Assets			
Cash	2	426,604	519,972
Restricted cash	2	1,550	1,534
Accounts receivable	3	707,620	496,489
Funds held in trust	5	270,375	264,250
Investment in business enterprises	6	2,734,605	1,286,420
		<u>4,140,754</u>	<u>2,568,665</u>
Liabilities			
Accounts payable and accrued liabilities	7	757,106	590,185
Employee benefit obligations	8	78,278	60,539
Advances from related entities	4	98,321	98,321
Deferred revenues	9	343,096	339,664
Long-term debt	10	923,485	1,035,485
Treaty negotiation loan	11	8,411,712	7,922,237
		<u>10,611,998</u>	<u>10,046,431</u>
Net Debt		<u>(6,471,244)</u>	<u>(7,477,766)</u>
Non-Financial Assets			
Prepaid expenditures		66,540	45,201
Tangible capital assets	13	<u>7,657,587</u>	<u>7,963,709</u>
		<u>7,724,127</u>	<u>8,008,910</u>
Accumulated Surplus	14, 18	<u>1,252,883</u>	<u>531,144</u>
Contingent liabilities (Note 12)			

APPROVED ON BEHALF OF COUNCIL



WUJ'KINUXV NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2016

	2016		2015
	Budget	Actual	
	\$	\$	\$
Revenues			
Indigenous and Northern Affairs Canada	2,217,875	1,957,189	1,779,488
Province of British Columbia	467,016	507,700	312,035
First Nations Health Authority	327,228	393,678	309,232
Commercial sales and licensing	0	293,689	349,334
Central Coast Indigenous Resource Alliance	160,000	210,380	120,650
Coast Conservation Endowment Fund Foundation	179,150	179,150	0
Department of Fisheries and Oceans	130,325	138,771	125,741
Rental income	97,200	115,553	148,459
Great Bear Initiative Society	0	100,000	0
Canada Mortgage and Housing Corporation	90,181	90,181	90,399
WKNTC	0	19,256	0
Health Canada	0	0	11,129
Other revenue	0	176,910	313,286
First Nation business enterprises and limited partnerships	0	2,061,730	835,089
	<u>3,668,975</u>	<u>6,244,187</u>	<u>4,394,842</u>
Expenses			
Core community operations	1,634,938	2,344,607	1,865,614
Community support and development	310,508	264,784	215,611
Resource management and development	433,610	892,714	735,661
Capital expenses	678,621	512,575	255,926
Treaty negotiations	827,797	931,992	739,980
Housing programs	62,531	149,482	133,575
First Nation business enterprises and limited partnerships	0	0	0
Amortization and loss on disposal of assets	0	426,294	430,396
	<u>3,948,005</u>	<u>5,522,448</u>	<u>4,376,763</u>
Annual Surplus	(279,030)	721,739	18,079
Surplus at Beginning of Year	531,144	531,144	513,065
Surplus at End of Year (Note 14)	<u>252,114</u>	<u>1,252,883</u>	<u>531,144</u>
Segment Disclosure (Note 18)			

WUI'KINUXV NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED MARCH 31, 2016

	2016		2015
	Budget \$	Actual \$	
Annual Surplus (Deficit)	<u>(279,030)</u>	<u>721,739</u>	<u>18,079</u>
Tangible capital assets			
Eliminations from annual surplus			
Amortization of capital assets	0	426,294	430,396
Gain on disposal of capital assets	0	0	0
Recognition of capital transactions			
Acquisition of capital assets	0	(120,172)	(259,073)
Proceeds on sale of capital assets	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>306,122</u>	<u>171,323</u>
 Consumption/(acquisition) of deferred expenses	 <u>0</u>	 <u>(21,339)</u>	 <u>9,915</u>
	<u>0</u>	<u>(21,339)</u>	<u>9,915</u>
 Change in Net Financial Assets	 (279,030)	 1,006,522	 199,317
 Net Financial Assets at beginning of year	 <u>(7,477,766)</u>	 <u>(7,477,766)</u>	 <u>(7,677,083)</u>
Net Financial Assets at end of year	<u><u>(7,756,796)</u></u>	<u><u>(6,471,244)</u></u>	<u><u>(7,477,766)</u></u>

WUI'KINUXV NATION
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2016

	2016	2015
	\$	\$
Operating Activities		
Annual surplus (deficit) ¹	721,739	18,079
Non-cash items included in annual surplus (deficit)	(1,641,561)	(389,266)
Changes in working capital accounts	(44,394)	(531,780)
	<u>(964,216)</u>	<u>(902,967)</u>
Capital Activities		
Purchase of tangible capital assets	(120,172)	(259,073)
	<u>(120,172)</u>	<u>(259,073)</u>
Investing Activities		
Advances to First Nation's limited partnerships	(43,500)	(173,420)
Distributions from First Nation's limited partnerships	657,045	561,276
	<u>613,545</u>	<u>387,856</u>
Financing Activities		
Proceeds from long term debt	489,475	593,200
Repayment of long term debt	(112,000)	(109,431)
	<u>377,475</u>	<u>483,769</u>
Increase (Decrease) in Cash and Equivalents	(93,368)	(290,415)
Cash and Equivalents at Beginning of Year	<u>519,972</u>	<u>810,387</u>
Cash and Equivalents at End of Year	<u><u>426,604</u></u>	<u><u>519,972</u></u>
Comprised of		
Cash	426,604	519,972
Bank overdraft	0	0
	<u><u>426,604</u></u>	<u><u>519,972</u></u>

¹ Interest received during the year was \$6,441 (2015 - \$6,231). Interest paid during the year was \$32,786 (2015 - \$52,998). 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 \$32,388 (2015 - \$52,816) plus the change in the accrued interest payable in the amount of \$398 (2015 - \$182).

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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

Modified Equity Method

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

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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'kinuxv 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 2016 and has resulted in an audit qualification.

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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 included are based on funding agreements that Chief and Council has approved and the Nation has entered into.

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 collectability 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.

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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 (2015 - \$100,000) with interest at 7% (2015 - 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 (2015 - \$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 \$276,644 (2015 - \$255,747).

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 \$178,732 (2015 - \$164,702).

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

2. CASH (continued)

Cash and bank overdraft are comprised of the following:

	2016	2015
	\$	\$
Cash		
General accounts	113,139	106,687
Treaty account	307,879	406,613
Social housing accounts	5,586	6,672
	<u>426,604</u>	<u>519,972</u>
Restricted cash		
Replacement Reserve	1,550	1,534
Subsidy Surplus and Operating Reserve Funds	0	0
	<u>1,550</u>	<u>1,534</u>
Bank overdraft		
General account	0	0
Treaty accounts	0	0
	<u>0</u>	<u>0</u>

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2016	2015
	\$	\$
Due from members:		
First Nation Members	917,699	811,572
Allowance for doubtful accounts	(917,699)	(811,572)
	<u>0</u>	<u>0</u>
Due from others:		
Indigenous and Northern Affairs Canada	291,847	1,500
Health and Welfare Canada	0	0
CMHC	7,424	52,733
Fisheries and Oceans Canada	202,242	76,599
Other government agencies	70,582	102,555
Other First Nations and Societies	86,909	178,490
Sales tax recoverable	100,785	92,694
General accounts	32,694	127,306
	<u>792,483</u>	<u>631,877</u>
Allowance for doubtful accounts	(84,863)	(135,388)
	<u>707,620</u>	<u>496,489</u>
Net accounts receivable	<u>707,620</u>	<u>496,489</u>

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

4. ADVANCES TO/FROM RELATED ENTITIES

	2016 \$	2015 \$
Due From		
Wui'kinuxv Economic Development Corporation	0	0
Kvamua Enterprise Limited Partnership	0	0
	<u>0</u>	<u>0</u>
Due To		
Midawis Maintenance Services Limited Partnership	98,321	98,321
	<u>98,321</u>	<u>98,321</u>

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

5. 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.

	2015 \$	Additions \$	Withdrawals \$	2016 \$
Revenue accounts	22,884	6,125	0	29,009
Capital accounts	241,366	0	0	241,366
	<u>264,250</u>	<u>6,125</u>	<u>0</u>	<u>270,375</u>

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

6. INVESTMENT IN BUSINESS ENTERPRISES

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

	2016	2015
	\$	\$
Investments & Accumulated Earnings in Partnerships		
Kvamua Enterprises Limited Partnership	2,506,188	888,507
Central Coast Commercial Fishing Limited Partnership	203,813	62,743
Great Bear Carbon Credit Limited Partnership	24,604	335,170
Net Investment in Business Enterprises	2,734,605	1,286,420

The Nation is a limited partner of the Kvamua Enterprises Limited Partnership with a limited partnership interest of 99.99%. The Partnership is managed by 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 by 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 by 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
Assets	
Current	9,545,254
Capital & Other	560,487
	<u>10,105,741</u>
Liabilities	
Current	5,629,978
Long Term	0
	<u>5,629,978</u>
Partner's Interest	<u>1,786,252</u>
Net Assets (Liabilities)	<u>2,689,511</u>
Total Revenues	27,513,322
Total Expenses	17,940,128
Net Income (Loss) for the Year	<u>9,573,194</u>

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
	\$	\$
Trade payables	732,968	486,662
Accrued salaries and benefits payable	22,013	83,219
Indigenous and Northern Affairs Canada	0	17,781
Other accrued liabilities	2,125	2,523
	<u>757,106</u>	<u>590,185</u>

8. EMPLOYEE BENEFIT OBLIGATIONS

	2016	2015
	\$	\$
Vacation and overtime	76,964	57,535
Pension plan contributions	1,314	3,004
	<u>78,278</u>	<u>60,539</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 \$4,195 (2015 - \$5,680) for retirement benefits. The Nation does not have any other obligations with regards to the pension plan as at March 31, 2016.

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

9. DEFERRED REVENUES

	2015 \$	Funding received \$	Funding returned \$	Revenue Recognized \$	2016 \$
INAC -					
Private schools	6,458	2,768	(6,458)	0	2,768
Post Secondary	61,883	42,370	0	(87,481)	16,772
TRM Environmental	2,898	0	(2,898)	0	0
Housing Multi Year	20,000	20,000	0	(250)	39,750
Electrical Systems	100,758	537,863	0	(509,765)	128,856
ESA	0	81,500	0	(74,679)	6,821
CCP	0	65,700	0	(40,863)	24,837
CMHC -					
Proposal Development Funding	25,900	0	0	0	25,900
Province of BC	26,476	0	0	0	26,476
MCFNTS -					
Fishing Master 4	5,414	0	0	0	5,414
CCIRA	24,375	0	0	(24,375)	0
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
	339,664	750,201	(9,356)	(737,413)	343,096

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

10. LONG-TERM DEBT

	2016	2015
	\$	\$
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 \$545,642		
- Balance outstanding	318,603	343,460
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 \$577,587		
- Balance outstanding	288,713	313,922
All Nations Trust Company		
Social Housing Loan: Phase 97-III		
- Interest at 1.01%, compounded semi-annually		
- Monthly blended payments of \$2,642		
- Term renewal date of October 1, 2020		
- Secured by buildings with a net book value of \$858,185		
- Balance outstanding	141,925	170,702
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 \$155,274		
- Balance outstanding	155,138	180,247
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	19,106	27,154
	<u>923,485</u>	<u>1,035,485</u>

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

13. TANGIBLE CAPITAL ASSETS

	Cost	Additions	Disposals	Accumulated amortization	2016 Net book value
Buildings	4,566,990	0	0	2,000,803	2,566,187
Computers	69,941	10,017	0	62,319	17,639
Equipment, furniture, power tools	175,585	28,441	0	151,016	53,010
Infrastructure	3,295,199	40,298	0	1,217,655	2,117,842
Automobiles	216,106	21,595	13,621	191,622	32,458
Boats and motors	600,215	19,821	36,413	266,368	317,255
Generators	540,887	0	0	216,108	324,779
Housing - CMHC and assisted	3,538,223	0	0	1,339,319	2,198,904
Logging operations equipment	43,973	0	0	41,621	2,352
Earth moving equipment	209,262	0		182,101	27,161
	<u>13,256,381</u>	<u>120,172</u>	<u>50,034</u>	<u>5,668,932</u>	<u>7,657,587</u>

	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
	<u>12,997,308</u>	<u>259,073</u>	<u>0</u>	<u>5,292,672</u>	<u>7,963,709</u>

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

14. ACCUMULATED SURPLUS (DEFICIT)

	2016 \$	2015 \$
Internally Restricted:		
Invested in business enterprises	2,734,605	1,286,420
Invested in tangible capital assets	6,734,102	6,928,224
Treaty negotiation loan financing	(8,411,712)	(7,922,237)
Other internally restricted:		
Resource Initiatives		
- Integrated Resource Stewardship	558,015	359,322
	<u>1,615,010</u>	<u>651,729</u>
Externally Restricted:		
Ottawa Trust account withdrawal loan	50,000	50,000
Capital projects	0	0
Funds held in trust by government	270,375	264,250
Housing replacement reserve	278,194	257,281
Housing operating reserve	178,732	164,702
Treaty negotiation funds	0	61,520
	<u>777,301</u>	<u>797,753</u>
Unrestricted surplus (deficit)	(1,139,428)	(918,338)
Accumulated surplus at end of year	<u><u>1,252,883</u></u>	<u><u>531,144</u></u>

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

15. SCHEDULE OF EXPENSES BY OBJECT

	2016	2015
	\$	\$
Wages and payroll costs	1,267,528	1,120,444
Consulting & professional fees	1,254,525	722,091
Freight and fuel	532,425	464,202
Travel	461,785	414,699
Contract & subcontract costs	435,648	218,733
Amortization	426,294	430,396
Repairs and maintenance	257,136	66,526
Materials and supplies	156,927	99,812
Direct member benefits	136,852	220,425
Honoraria	136,459	127,731
Meeting and workshop costs	106,055	83,739
Insurance	74,810	87,286
Telecommunications	73,392	55,216
Bad debts	55,601	65,669
Training costs	41,708	300
Equipment costs	38,351	18,686
Interest and bank charges	32,388	52,816
Social Program costs	13,429	601
Licenses, dues and fees	13,143	97,024
Vehicle costs	6,527	9,560
Miscellaneous	1,465	20,807
	<u><u>5,522,448</u></u>	<u><u>4,376,763</u></u>

WUI'KINUXV NATION
NOTES TO FINANCIAL STATEMENTS
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16. ECONOMIC DEPENDENCE

Wui'kinuxv Nation receives substantially all of its revenues from Indigenous and Northern Affairs Canada (INAC) as a result of agreements entered into with the government of Canada. These agreements are administered by INAC 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 Indigenous and Northern Affairs 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.

17. 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 81% (2015 - 47%) 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.

18. 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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18. 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
MARCH 31, 2016

18. SEGMENT DISCLOSURE (continued)

Year ended March 31, 2016:

	General Administration	Community Services	Housing	Health & Social Development	Education	Community & Economic Development	Treaty	Eliminations	Consolidated Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
INAC	200,685	1,327,371	250	125,452	108,385	190,046	5,000	0	1,957,189
Federal	0	0	90,181	0	0	138,771	0	0	228,952
Provincial	0	0	0	0	0	200,675	307,025	0	507,700
Other	230,409	56,593	106,888	393,678	3,268	2,975,440	0	(215,930)	3,550,346
	431,094	1,383,964	197,319	519,130	111,653	3,504,932	312,025	(215,930)	6,244,187
Expenses									
Salaries and benefits	109,581	147,332	0	211,791	6,537	593,480	198,807	0	1,267,528
Interest	12,282	0	20,106	0	0	0	0	0	32,388
Amortization	0	426,294	0	0	0	0	0	0	426,294
Other	808,568	1,340,967	135,459	221,463	92,080	680,446	733,185	(215,930)	3,796,238
	930,431	1,914,593	155,565	433,254	98,617	1,273,926	931,992	(215,930)	5,522,448
Transfers	166,172	68,374	0	0	0	(313,535)	78,989	0	0
Annual Surplus (Deficit)	(333,165)	(462,255)	41,754	85,876	13,036	1,917,471	(540,978)	0	721,739

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

Year ended March 31, 2016:

	General Administration	Community Services	Housing	Health & Social Development	Education	Community & Economic Development	Treaty	Eliminations	Consolidated Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
INAC	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
Expenses									
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
Annual Surplus (Deficit)	(206,640)	(28,317)	55,586	(11,033)	(103,665)	843,828	(531,680)	0	18,079