

WU'KINUXV NATION
Financial Statements
March 31, 2017

WU'KINUXV NATION

March 31, 2017

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of the Wuikinuxv Nation and all the information in this report are the responsibility of management and have been approved by the Wuikinuxv Nations' Chief and Council.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Wuikinuxv Nations' Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Chief and Council fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council are also responsible for recommending the appointment of the Nation's external auditors.

The financial statements have been audited by Chan Nowosad Boates, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards on behalf of the Members. Chan Nowosad Boates, Chartered Professional Accountants have full and free access to, and meet periodically with both Chief and Council and management to discuss their audit findings.

On behalf of Wuikinuxv Nation:



Tribal Manager

November 2, 2017



INDEPENDENT AUDITORS' REPORT

To: The Members of the Wui'kinuxv Nation

We have audited the accompanying financial statements of Wui'kinuxv Nation which comprise the statement of financial position as at March 31, 2017, and the statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian audit 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 auditors' 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 audit, we identified travel and honoraria expenditures which were not supported by sufficient supporting documentation and for which we could not verify the existence or accuracy of the expense.

Financial information pertaining to the Kvamua Enterprises Limited Partnership has been reported based on financial statements that were not audited or subject to a review engagement. Accordingly, we were not able to determine any adjustments if necessary which might be required to the Investment in Government Business Enterprise and the related earnings.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion, the financial statements present fairly, in all material respects, the financial position of Wui'kinuxv Nation as at March 31, 2017, and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The comparative financial statements for the year ending March 31, 2016, were audited by another firm of Chartered Professional Accountants. A qualified audit opinion was issued on the March 31, 2016 financial statements on November 16, 2016.

Chartered Professional Accountants
Campbell River, BC

November 2, 2017

WUI'KINUXV NATION

Statement of Financial Position

March 31, 2017

2017

2016

(Note 20)

\$

\$

FINANCIAL ASSETS

Cash (Note 2)	1,213,219	428,154
Trust Funds Held by Federal Government (Note 3)	276,210	270,375
Accounts Receivable (Note 4)	1,563,968	1,339,753
Investment in Government Business Enterprise (Note 5)	<u>3,445,279</u>	<u>2,506,188</u>
	<u>6,498,676</u>	<u>4,544,470</u>

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 6)	953,125	788,763
Employee Benefit Obligations (Note 7)	74,141	78,278
Advances from Related Entities (Note 8)	202,011	98,321
Deferred Revenue (Note 9)	570,650	311,438
Long Term Debt (Note 10)	807,180	923,485
Treaty Negotiation Loan (Note 11)	<u>8,840,442</u>	<u>8,411,712</u>
	<u>11,447,549</u>	<u>10,611,997</u>

NET DEBT

<u>(4,948,873)</u>	<u>(6,067,527)</u>
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NON-FINANCIAL ASSETS


Prepaid Expenses and Deposits	217,947	66,540
Tangible Capital Assets (Note 12)	<u>9,106,143</u>	<u>7,657,587</u>
	<u>9,324,090</u>	<u>7,724,127</u>

ACCUMULATED SURPLUS (Note 14)

<u>4,375,217</u>	<u>1,656,600</u>
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Contingent Liabilities (Note 13)

Approved by:


Chief


Councilor

WU'KINUXV NATION

Statement of Operations

Year Ended March 31, 2017

	2017		2016
	Actual	Budget	
	\$	\$	\$
		(Note 18)	(Note 20)
Revenues			
Indigenous and Northern Affairs Canada	3,342,800	2,317,966	1,957,189
Province of British Columbia	465,936	437,770	507,700
First Nations Health Authority	442,650	463,417	393,678
Commercial Sales and Licensing	433,884	284,435	311,574
Central Coast Indigenous Resource Alliance	166,175	152,125	210,380
Coast Conservation Endowment Fund Foundation	-	188,000	179,150
Department of Fisheries and Oceans	111,052	116,615	138,771
Rental Income	131,822	103,200	115,553
Great Bear Initiative Society	100,000	-	100,000
Canada Mortgage Housing Corporation	87,908	89,089	90,181
WKNTC	32,547	-	19,256
Other Revenue	1,447,096	172,652	1,370,839
Earnings from Government Business Enterprise (Note 5)	<u>954,091</u>	<u>596,648</u>	<u>1,742,681</u>
	<u>7,715,961</u>	<u>4,921,917</u>	<u>7,136,952</u>
Expenditures (Note 15)			
Core Community Operations	1,968,195	1,893,161	2,393,703
Community Support and Development	555,528	669,270	264,784
Resource Management and Development	1,055,681	945,550	953,995
Capital Expenditures	9,539	871,282	512,575
Treaty Negotiations	707,753	737,900	931,992
Housing Programs	117,877	267,090	149,482
Amortization and Impairment of Assets	<u>582,771</u>	<u>-</u>	<u>426,294</u>
	<u>4,997,344</u>	<u>5,384,253</u>	<u>5,632,825</u>
Annual Surplus	<u>2,718,617</u>	<u>-</u>	<u>1,504,127</u>

WUI'KINUXV NATION

Statement of Accumulated Surplus

Year Ended March 31, 2017

	2017		2016
	Actual \$	Budget \$	\$ (Note 20)
Accumulated Surplus - Beginning of Year as Previously Stated	1,252,883	-	531,144
Prior Period Adjustment (Note 20)	<u>403,717</u>	<u>-</u>	<u>(378,671)</u>
Accumulated Surplus - Beginning of Year as Restated	1,656,600	-	152,473
Annual Surplus	<u>2,718,617</u>	<u>-</u>	<u>1,504,127</u>
Accumulated Surplus - End of Year	<u>4,375,217</u>	<u>-</u>	<u>1,656,600</u>

WUI'KINUXV NATION

Statement of Changes in Net Debt

Year Ended March 31, 2017

2017

2016

(Note 20)

\$

\$

Annual Surplus

2,718,617

1,504,127

Tangible Capital Assets Purchased

(2,031,327)

(120,172)

Impairment and Loss on Disposal of Tangible Capital Assets

176,594

-

Amortization of Tangible Capital Assets

406,177

426,294

(1,448,556)

306,122

Acquisition of Prepaid Asset

(151,407)

(21,339)

Increase in Net Financial Assets

1,118,654

1,788,910

Net Debt - Beginning of Year as Previously Stated

(6,471,244)

(7,477,766)

Prior Period Adjustment (Note 20)

403,717

(378,671)

Net Debt - End of Year

(4,948,873)

(6,067,527)

WUI'KINUXV NATION

Statement of Cash Flows

Year Ended March 31, 2017

2017

2016

(Note 20)

\$

\$

Cash Flows From Operating Activities:

Cash Received from INAC and Other Sources	6,791,032	4,579,398
Cash Paid to Suppliers and Employees	(4,382,429)	(4,978,767)
Interest Paid	(23,326)	(32,786)
	<u>2,385,277</u>	<u>(432,155)</u>

Cash Flows From Financing Activities:

Proceeds from Long Term Debt	428,730	489,475
Repayment of Long Term Debt	(116,305)	(112,000)
	<u>312,425</u>	<u>377,475</u>

Cash Flows From Investing Activities:

Advances to First Nation's Limited Partnerships	-	(43,500)
Distributions from First Nation's Limited Partnerships	15,000	125,000
Advances from (to) Related Parties	103,690	-
	<u>118,690</u>	<u>81,500</u>

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	(2,031,327)	(120,172)
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Increase (Decrease) in Cash and Cash Equivalents

785,065 (93,352)

Cash and Cash Equivalents - Beginning of Year

428,154 521,506

Cash and Cash Equivalents - End of Year

1,213,219 428,154

Cash and Cash Equivalents Consist of:

Cash 1,213,219 428,154

WUI'KINUXV NATION

Notes to the Financial Statements

March 31, 2017

1. Significant Accounting Policies:

a) Basis of Accounting:

These financial statements have been prepared in accordance with Canadian public sector accounting standards.

b) Reporting Entity:

The financial statements include the accounts of the Wui'kinuxv Nation (the "Nation") government administration and the Wui'kinuxv Nation treaty negotiation administration.

All controlled entities are fully consolidated on a line-by-line basis except for a commercial enterprise which meets the definition of a government business enterprise. This enterprise is included in the Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

The Nation accounts for their investment in a controlled government business enterprise using the modified equity method. This business enterprise is Kvamua Enterprises Limited Partnership.

Under the modified equity method of accounting, only the Nation's investment in the business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprises that are different from those of the Nation, except that any other comprehensive income of the business enterprise is accounted for as an adjustment to the accumulated surplus or deficit. Inter-organizational transactions and balances are not eliminated.

Investments in the following enterprises are accounted for by the modified equity method and, as such, the accounting policies of these enterprises are not adjusted to conform with those of the Nation:

Kvamua Enterprises Limited Partnership

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
Great Bear Carbon Credit Limited Partnership
Central Coast Commercial Fisheries Corporation
Central Coast Commercial Fishing Limited Partnership

c) 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 and may be consumed in normal operations. Non-financial assets include tangible capital assets and prepaid expenses. Intangible assets, and items inherited by right of the Crown, are not recognized in the financial statements.

WUI'KINUXV NATION

Notes to the Financial Statements

March 31, 2017

1. Significant Accounting Policies (continued):

d) 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 indicate 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' carrying 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.

e) Cash Resources:

Cash resources includes balances with banks. Cash subject to restrictions that prevent its use for current purposes is reflected in restricted cash.

f) Tangible Capital Assets:

Tangible Capital Assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

Amortization is provided for using the following rates and methods:

Buildings	4%	declining balance
Computers	30%	declining balance
Equipment, furniture and power tools	20%	declining balance
Infrastructure	25 years	straight-line
Automobiles	30%	declining balance
Boats and motors	15%	declining balance
Generators	4%	declining balance
Band housing	4%	declining balance
Logging equipment	30%	declining balance
Earth moving equipment	30%	declining balance

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.

Tangible Capital Assets are written down when conditions indicate that they no longer contribute to the Nation's ability to provide goods and services, or when the value of future economic benefits associated with the assets are less than their net book value. The net writedowns are accounted for as expenses in the statement of operations.

Notes to the Financial Statements

March 31, 2017

1. Significant Accounting Policies (continued):

g) Revenue Recognition:

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to any obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the liabilities are settled. Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.

h) Measurement Uncertainty:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the report amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, estimated useful lives of tangible capital assets, impairment of tangible capital assets, recoverability of investments and advances, accrued liabilities and the possibility of contingent liabilities. Actual results could differ from these estimates.

i) Liability for Contaminated Sites:

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2017.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2017, no liability for contaminated sites exists.

WUI'KINUXV NATION

Notes to the Financial Statements

March 31, 2017

2. Cash:

Replacement and Reserve Fund:

Under the terms of an agreement with CMHC, the Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets.

These funds, along with accumulated interest, must be held in separate bank accounts, with each agreement with CMHC requiring its own bank account. The funds are to be 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 for CMHC approved expenditures. At March 31, 2017, this reserve was under funded by \$298,441 (2016 - \$276,644).

Operating Reserve Fund:

Under the terms of an agreement with CMHC, the Nation is required to maintain a separate bank account for the operating surplus resulting from the operation of the programs under the agreement, known as the operating reserve. The funds in this account may only be used to meet future program requirements. At March 31, 2017, the operating reserve fund was under funded by \$193,077 (2016 - \$178,732).

Cash is comprised of the following:

	<u>2017</u>	<u>2016</u>
	\$	\$
Cash		
General	1,213,219	420,995
Treaty	-	23
Social Housing	-	5,586
	<u>1,213,219</u>	<u>426,604</u>
Restricted Cash		
Replacement reserve	-	1,550
	<u>1,213,219</u>	<u>428,154</u>

3. Trust Funds Held by Federal Government:

	<u>2016</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2017</u>
	\$	\$	\$	\$
Revenue	29,009	5,835	-	34,844
Capital	<u>241,366</u>	<u>-</u>	<u>-</u>	<u>241,366</u>
	<u>270,375</u>	<u>5,835</u>	<u>-</u>	<u>276,210</u>

The Trust Funds Held by the Federal Government arise from monies 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

WUI'KINUXV NATION

Notes to the Financial Statements

March 31, 2017

4. Accounts Receivable:

	<u>2017</u>	<u>2016</u>
	\$	\$
Due from Members		
Nation Members	983,341	917,699
Allowance for Doubtful Accounts	<u>(983,341)</u>	<u>(917,699)</u>
	<u>-</u>	<u>-</u>
Due from Others		
Indigenous and Northern Affairs Canada	34,300	291,847
Canada Mortgage and Housing Corporation	7,276	7,424
Fisheries and Oceans Canada	184,058	202,242
First Nations Health Authority	-	14,765
Sales Tax Recoverable	80,832	100,785
General Accounts	<u>1,292,520</u>	<u>807,553</u>
	1,598,986	1,424,616
Allowance for Doubtful Accounts	<u>(35,018)</u>	<u>(84,863)</u>
	<u>1,563,968</u>	<u>1,339,753</u>
Net Accounts Receivable	<u>1,563,968</u>	<u>1,339,753</u>

5. Investment in Government Business Enterprise:

The Nation's investment in a Government Business Enterprise consists of the following:

	<u>2017</u>	<u>2016</u>
	\$	\$
Investments and Accumulated Earnings in Partnerships		
Kvamua Enterprises Limited Partnership	<u>3,445,279</u>	<u>2,506,188</u>

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.

WUI'KINUXV NATION

Notes to the Financial Statements

March 31, 2017

5. Investment in Government Business Enterprise (continued):

Financial information of the Kvamua Enterprises Limited Partnership is presented in the following table. Financial information for Kvamua Enterprises Limited Partnership is from financial statements prepared for the year ending December 31, 2016 with comparative figures for the year ending December 31, 2015.

	<u>2016</u> \$	<u>2015</u> \$
Cash	912,439	754,466
Accounts Receivable	1,169,367	2,196,905
Inventory	4,417,659	3,325,837
Tangible Capital Assets	2,217	3,084
Other Assets	<u>411,308</u>	<u>157,877</u>
Total Assets	<u>6,912,990</u>	<u>6,438,169</u>
Accounts Payable	720,165	856,250
Other Liabilities	<u>2,747,154</u>	<u>3,075,435</u>
Total Liabilities	<u>3,467,319</u>	<u>3,931,685</u>
Equity	<u>3,445,671</u>	<u>2,506,484</u>
Total Liabilities and Equity	<u>6,912,990</u>	<u>6,438,169</u>
Revenues	8,174,193	16,518,989
Expenses	<u>7,220,006</u>	<u>14,776,134</u>
Net Income	<u>954,187</u>	<u>1,742,855</u>

6. Accounts Payable and Accrued Liabilities:

	<u>2017</u> \$	<u>2016</u> \$
Trade Payables	762,984	732,817
Accrued Salaries and Benefits Payable	35,715	22,163
Indigenous and Northern Affairs Canada	152,715	31,658
Other Accrued Liabilities	<u>1,711</u>	<u>2,125</u>
	<u>953,125</u>	<u>788,763</u>

WUI'KINUXV NATION

Notes to the Financial Statements

March 31, 2017

7. Employee Benefit Obligations:

	<u>2017</u>	<u>2016</u>
	\$	\$
Vacation and Overtime	71,815	76,964
Pension Plan Contributions	<u>2,326</u>	<u>1,314</u>
	<u>74,141</u>	<u>78,278</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. Member's 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 \$7,199 (2016 - \$4,195) for retirement benefits. The Nation does not have any other obligations with regards to the pension plan as at March 31, 2017.

8. Advances from Related Entities:

	<u>2017</u>	<u>2016</u>
	\$	\$
Kvamua Enterprises Limited Partnership	103,690	-
Midawis Maintenance Services Limited Partnership	<u>98,321</u>	<u>98,321</u>
	<u>202,011</u>	<u>98,321</u>

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

Advances from related entities have no set terms of repayment or stated interest rate.

WUI'KINUXV NATION

Notes to the Financial Statements

March 31, 2017

9. Deferred Revenue:

	<u>2016</u>	<u>Funding</u>	<u>Revenue</u>	<u>2017</u>
	\$	Received	Recognized	\$
INAC				
Private Schools	2,768	-	-	2,768
Post Secondary	16,772	104,579	73,623	47,728
Housing Multi Year	39,750	100,000	19,540	120,210
Electrical Systems	128,856	2,160,899	2,001,347	288,408
CMHC	25,900	-	25,900	-
Province of BC	26,476	-	26,476	-
MCFNTS	5,414	-	5,414	-
CCIRA	-	60,000	-	60,000
Vancouver Coastal Health	4,000	-	4,000	-
FN Education Jurisdiction	9,966	-	9,966	-
United Way	51,536	-	-	51,536
Total	<u>311,438</u>	<u>2,425,478</u>	<u>2,166,266</u>	<u>570,650</u>

10. Long Term Debt:

	<u>2017</u>	<u>2016</u>
	\$	\$
Band Housing:		
All Nations Trust Company:		
Social Housing Loan Phase 97-V:		
Repayable at \$2,544 per month including interest at 1.71% per annum; due September 1, 2027; secured by buildings with a net book value of \$520,299 (2016 - \$545,642)	293,295	318,603
Social Housing Loan Phase 97-IV:		
Repayable at \$2,521 per month including interest at 1.05% per annum; due August 1, 2021; secured by buildings with a net book value of \$550,597 (2016 - \$577,587)	262,040	288,713
Social Housing Loan Phase 97-III:		
Repayable at \$2,642 per month including interest at 1.01% per annum; due October 1, 2020; secured by buildings with a net book value of \$827,747 (2016 - \$858,185)	111,512	141,925
Social Housing Loan Phase II:		
Repayable at \$2,314 per month including interest at 1.43% per annum; due January 1, 2022; secured by buildings with a net book value of \$129,697 (2016 - \$155,274)	<u>129,596</u>	<u>155,138</u>
	<u>796,443</u>	<u>904,379</u>

WUI'KINUXV NATION

Notes to the Financial Statements

March 31, 2017

10. Long Term Debt (continued):

Balance Forward	796,443	904,379
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Capital:

Coastal Community Credit Union:

Repayable at \$745 per month including interest at 4.19%
per annum; due June 5, 2018;

<u>10,737</u>	<u>19,106</u>
<u>807,180</u>	<u>923,485</u>

Interest paid on long term debt for the year ended March 31, 2017 is \$13,477 (2016 - \$20,106).

Long-term debt principal payments due within each of the next five years and beyond is estimated to be as follows:

	\$
2018	118,808
2019	113,657
2020	113,016
2021	101,242
2022 and beyond	360,457

11. Treaty Negotiation Loan:

<u>2017</u>	<u>2016</u>
\$	\$

BC Treaty Commission:

Interest free loan until it 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 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, 2021

<u>8,840,442</u>	<u>8,411,712</u>
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WUI'KINUXV NATION

Notes to the Financial Statements

March 31, 2017

12. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening \$	Additions \$	Disposals \$	Closing \$	Opening \$	Amort \$	Disposals \$	Closing \$	2017 \$	2016 \$
Capital:										
Buildings	4,566,990	-	1	4,566,989	2,000,803	102,647	-	2,103,450	2,463,539	2,566,187
Computers	79,958	-	14,427	65,531	62,319	5,436	14,908	52,847	12,684	17,639
Equipment, Furniture and Power Tools	204,026	13,249	-	217,275	151,016	11,927	-	162,943	54,332	53,010
Infrastructure	3,335,497	-	160,000	3,175,497	1,217,655	127,020	33,014	1,311,661	1,863,836	2,117,842
Automobiles	224,080	-	149,143	74,937	191,622	7,070	140,251	58,441	16,496	32,458
Boats and Motors	583,623	25,237	30,710	578,150	266,368	28,893	12,878	282,383	295,767	317,255
Generators	540,887	-	-	540,887	216,108	12,991	-	229,099	311,788	324,779
Band Housing	232,428	-	-	232,428	232,428	-	-	232,428	-	-
Logging Equipment	43,973	-	43,973	-	41,621	-	41,621	-	-	2,352
Earth Moving Equipment	209,262	-	121,434	87,828	182,101	1,844	100,422	83,523	4,305	27,161
Hatchery	-	1	-	1	-	-	-	-	1	-
Projects under Development	-	1,992,840	-	1,992,840	-	-	-	-	1,992,840	-
	<u>10,020,724</u>	<u>2,031,327</u>	<u>519,688</u>	<u>11,532,363</u>	<u>4,562,041</u>	<u>297,828</u>	<u>343,094</u>	<u>4,516,775</u>	<u>7,015,588</u>	<u>5,458,683</u>
Social Housing:										
Houses	<u>3,305,795</u>	<u>-</u>	<u>-</u>	<u>3,305,795</u>	<u>1,106,891</u>	<u>108,349</u>	<u>-</u>	<u>1,215,240</u>	<u>2,090,555</u>	<u>2,198,904</u>
Total	<u>13,326,519</u>	<u>2,031,327</u>	<u>519,688</u>	<u>14,838,158</u>	<u>5,668,932</u>	<u>406,177</u>	<u>343,094</u>	<u>5,732,015</u>	<u>9,106,143</u>	<u>7,657,587</u>

During the year the Nation took ownership of the Percy Walkus Hatchery (the "Hatchery") located in Rivers Inlet by way of a contribution from a third-party. The fair value of the Hatchery at the date of its contribution could not be determined and there was no consideration paid by the Nation for the Hatchery. The Hatchery was recorded at a nominal value and a nominal amount of revenue was recognized in the Statement of Operations.

13. Contingent Liabilities & Commitments:

- The Department of Indigenous and Northern Affairs Canada and the First Nations Health Authority may recover certain program surpluses subsequent to discussion and negotiation with the Band. The ultimate outcome of these negotiations is not determinable at present. Consequently, no provision for potential recoverable surpluses, if any, are reflected in these financial statements.
- The Nation is contingently liable with respect to Ministerial guarantees for "On Reserve Housing Loans" to various financial institutions in the amount of \$0 (2016 - \$56,470).

WUI'KINUXV NATION

Notes to the Financial Statements

March 31, 2017

14. Accumulated Surplus (Deficit):

	<u>2017</u>	<u>2016</u>
	\$	\$
Internally Restricted		
Invested in Business Enterprises	5,310,966	3,230,813
Invested in Tangible Capital Assets	8,298,963	6,734,102
Treaty Negotiation Loan Financing	(8,840,442)	(8,411,712)
Resource Initiatives - Integrated Resource Stewardship	<u>337,774</u>	<u>558,015</u>
	<u>5,107,261</u>	<u>2,111,218</u>
Externally Restricted		
Equity in Ottawa Trust	276,210	270,375
Ottawa Trust Account Withdrawal Loan	50,000	50,000
Housing Replacement Reserve	299,099	278,194
Housing Operating Reserve	<u>192,700</u>	<u>178,732</u>
	<u>818,009</u>	<u>777,301</u>
Unrestricted		
Operating Deficit	<u>(1,550,053)</u>	<u>(1,231,919)</u>
	<u>4,375,217</u>	<u>1,656,600</u>

15. Schedule of Expenses by Object:

	<u>2017</u>	<u>2016</u>
	\$	\$
Amortization and Impairment of Assets	582,771	426,294
Bad Debts	15,797	55,601
Consulting and Professional Fees	803,078	1,311,260
Contract and Subcontract Costs	332,098	409,358
Direct Member Benefits	115,893	120,816
Equipment Costs	48,280	40,114
Freight and Fuel	475,757	541,529
Honoraria	141,490	167,459
Insurance	64,190	74,810
Interest and Bank Charges	23,326	32,398
Licenses, Dues and Fees	142,520	131,004
Material and Supplies	116,797	168,551
Meeting and Workshop Costs	78,770	51,502
Miscellaneous	6,060	740
Repairs and Maintenance	164,133	229,412
Social Program Costs	15,656	13,429
Training Costs	47,569	26,900
Travel	470,009	487,668
Telecommunications	65,850	76,452
Wages and Payroll Costs	1,234,047	1,267,528
Write off of Unrecoverable ITCs	<u>53,253</u>	<u>-</u>
	<u>4,997,344</u>	<u>5,632,825</u>

WUI'KINUXV NATION

Notes to the Financial Statements

March 31, 2017

16. Economic Dependence:

The Nation receives a significant portion of its revenues from 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 dependant 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. Under the terms of the agreement, funding from the Remedial Management Action 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 52% (2016 - 81%) 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. Budget Figures:

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council and have not been audited.

19. Comparative Figures:

Certain 2016 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

WUI'KINUXV NATION

Notes to the Financial Statements

March 31, 2017

20. Correction of an Error:

During the year-ending March 31, 2017 it was identified that investments held by the Nation in the Central Coast Commercial Fisheries Limited Partnership (CCCFLP) and the Great Bear Carbon Credit Limited Partnership (GBCCLP) were such that the Nation did not have control of CCCFLP and GBCCLP, as defined in S.1300 of Public Sector Accounting Standards.

The Nation held and holds by way of a trust agreement as the beneficial owner 25% of the shares of the General Partner of CCCFLP and directly owns approximately 24.75% of the units of CCCFLP.

The Nation held and holds by way of a trust agreement as the beneficial owner 12.5% of the shares of the General Partner of GBCCLP and directly owns approximately 12.25% of the units of GBCCLP.

During the prior year ending March 31, 2016, the investments in CCCFLP and GBCCLP were accounted for under the modified equity approach allowed for investments in government business enterprises.

The investments in CCCFLP and GBCCLP are investments in portfolio investments. The investment in the units and shares of the General Partners are nominal and will not be adjusted. The prior year comparative figures have been restated to reflect the correction of the above described error in the financial statements for the year ending March 31, 2016.

Accounts Receivable as Previously Stated at March 31, 2016	\$ 707,620
Prior Year Restatement	<u>632,133</u>
Restated Accounts Receivable at March 31, 2016	\$ <u>1,339,753</u>
Investment in Business Enterprises as Previously Stated at March 31, 2016	\$ 2,734,605
Prior Year Restatement	<u>(228,417)</u>
Restated Investment in Government Business Enterprises at March 31, 2016	\$ <u>2,506,188</u>
Revenue – Earnings from Government Business Enterprises as Previously Stated at March 31, 2016	\$ 2,061,730
Prior Year Restatement	<u>(319,049)</u>
Restated Revenue - Earnings from Government Business Enterprises at March 31, 2016	\$ <u>1,742,681</u>
Revenue – Other Revenue as Previously Stated at March 31, 2016	\$ 176,910
Prior Year Restatement	<u>1,193,928</u>
Restated Revenue – Other Revenue at March 31, 2016	\$ <u>1,370,838</u>
Expenses – Resource Management and Development as Previously Stated at March 31, 2016	\$ 892,714
Prior Year Reclassification	<u>(31,211)</u>
Prior Year Restatement	<u>92,492</u>
Restated Expenses – Resource Management and Development at March 31, 2016	\$ <u>953,995</u>
Surplus – Beginning of Year as Previously Stated at April 1, 2015	\$ 531,144
Prior Year Restatement	<u>(378,671)</u>
Restated Surplus – Beginning of Year at March 31, 2016	\$ <u>152,473</u>

WUI'KINUXV NATION

Notes to the Financial Statements

March 31, 2017

21. 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 contain all activities that relate to the operations, maintenance, development, construction and financing of buildings, infrastructure and the land of the Nation.

Housing:

Housing contains activities that relate to on reserve housing.

Health and Social Development:

Health and 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 and secondary schooling and adult vocational training.

Community and Economic Development:

Community and 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 expense 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 the Financial Statements

March 31, 2017

21. Segment Disclosure (continued):

Year ended March 31, 2017:

	General Administration	Community Services	Housing	Health & Social Development	Education	Community & Economic Development	Treaty	Eliminations	Consolidated Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
INAC	200,089	2,455,780	19,540	4,800	77,058	585,533	-	-	3,342,800
Federal	-	-	87,908	-	-	111,052	-	-	198,960
Provincial	-	-	-	-	-	125,666	340,270	-	465,936
Other	280,564	153,773	105,299	447,650	18,815	2,917,737	-	(215,574)	3,708,264
	<u>480,653</u>	<u>2,609,553</u>	<u>212,747</u>	<u>452,450</u>	<u>95,873</u>	<u>3,739,988</u>	<u>340,270</u>	<u>(215,574)</u>	<u>7,715,960</u>
Expenses									
Salaries and Benefits	164,046	115,399	-	180,837	18,369	592,860	162,536	-	1,234,047
Interest	9,613	-	13,477	-	-	236	-	-	23,326
Amortization	-	582,771	-	-	-	-	-	-	582,771
Other	598,297	494,144	129,773	391,075	97,483	1,107,184	554,817	(215,574)	3,157,199
	<u>771,956</u>	<u>1,192,314</u>	<u>143,250</u>	<u>571,912</u>	<u>115,852</u>	<u>1,700,280</u>	<u>717,353</u>	<u>(215,574)</u>	<u>4,997,343</u>
Transfers	(3,306)	-	-	-	3,306	-	-	-	-
Annual Surplus (Deficit)	<u>(294,609)</u>	<u>1,417,239</u>	<u>69,497</u>	<u>(119,462)</u>	<u>(16,673)</u>	<u>2,039,708</u>	<u>(377,083)</u>	<u>-</u>	<u>2,718,617</u>

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	-	1,957,189
Federal	-	-	90,181	-	-	138,771	-	-	228,952
Provincial	-	-	-	-	-	200,675	307,025	-	507,700
Other	230,410	56,593	106,888	393,678	3,268	3,868,204	-	(215,930)	4,443,111
	<u>431,095</u>	<u>1,383,964</u>	<u>197,319</u>	<u>519,130</u>	<u>111,653</u>	<u>4,397,696</u>	<u>312,025</u>	<u>(215,930)</u>	<u>7,136,952</u>
Expenses									
Salaries and Benefits	109,581	147,332	-	211,791	6,537	593,480	198,807	-	1,267,528
Interest	12,282	-	20,106	-	-	-	-	-	32,388
Amortization	-	426,294	-	-	-	-	-	-	426,294
Other	808,568	1,340,967	135,459	221,463	92,080	790,823	733,185	(215,930)	3,906,615
	<u>930,431</u>	<u>1,914,593</u>	<u>155,565</u>	<u>433,254</u>	<u>98,617</u>	<u>1,384,303</u>	<u>931,992</u>	<u>(215,930)</u>	<u>5,632,825</u>
Transfers	166,172	68,374	-	-	-	(313,535)	78,989	-	-
Annual Surplus (Deficit)	<u>(333,164)</u>	<u>(462,255)</u>	<u>41,754</u>	<u>85,876</u>	<u>13,036</u>	<u>2,699,858</u>	<u>(540,978)</u>	<u>-</u>	<u>1,504,127</u>