

**WUIKINUXV NATION**  
**Consolidated Financial Statements**  
**March 31, 2019**

# **WUIKINUXV NATION**

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## **Consolidated Financial Statements**

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Year Ended March 31, 2019

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**WUIKINUXV NATION**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**March 31, 2019**

The Chief and Council of the Wuikinuxv Nation has delegated the responsibility for the integrity and objectivity of the financial information contained in the consolidated financial statements to the management of the Wuikinuxv Nation. The consolidated financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and that financial records are reliable for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Wuikinuxv Nation's independent auditors, Chan Nowosad Boates Inc., Chartered Professional Accountants, are engaged to express an opinion as to whether these consolidated financial statements present fairly the Wuikinuxv Nation's financial position and operating results in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion.

The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards. These statements present, in all significant respects the financial position of the Wuikinuxv Nation as at March 31, 2019.

*Paul Willie*

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Paul Willie  
Tribal Manager  
February 24, 2022

## INDEPENDENT AUDITORS' REPORT

To the Chief and Council of the Wuikinuxv Nation,

### Opinion

We have audited the consolidated financial statements of the Wuikinuxv Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2019, and the consolidated results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Nation's financial reporting process.

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Chan Novosad Boates Inc*

Chartered Professional Accountants  
Campbell River, BC

February 24, 2022

# WUIKINUV NATION

## Consolidated Statement of Financial Position

March 31, 2019

2019

2018

### FINANCIAL ASSETS

Cash <b>(Note 2)</b>	\$ 1,219,666	\$ 1,851,739
Trust Funds Held by Federal Government <b>(Note 3)</b>	290,130	283,000
Accounts Receivable <b>(Note 4)</b>	1,989,910	1,753,201
Investment in Government Business Entities <b>(Note 5)</b>	8,344,841	5,101,212
Advances to Related Entities <b>(Note 6)</b>	<u>667,805</u>	<u>674,435</u>
	<u>12,512,352</u>	<u>9,663,587</u>

### LIABILITIES

Accounts Payable and Accrued Liabilities <b>(Note 7)</b>	1,319,378	2,812,585
Advances from Related Entities <b>(Note 8)</b>	1,123,565	238,831
Deferred Revenue <b>(Note 9)</b>	1,313,645	795,812
Long Term Debt <b>(Note 10)</b>	574,902	688,441
Treaty Negotiation Loan <b>(Note 11)</b>	9,269,172	9,269,172
Liability for Contaminated Sites <b>(Note 12)</b>	<u>897,484</u>	<u>-</u>
	<u>14,498,146</u>	<u>13,804,841</u>

### NET DEBT

(1,985,794) (4,141,254)

### NON-FINANCIAL ASSETS

Prepaid Expenses and Deposits	102,976	141,700
Tangible Capital Assets <b>(Note 13)</b>	<u>19,816,543</u>	<u>18,235,462</u>
	<u>19,919,519</u>	<u>18,377,162</u>

### ACCUMULATED SURPLUS (Note 15)

\$ 17,933,725 \$ 14,235,908

### Contingent Liabilities (Note 14)

Approved by:



*Leolina Willie*

Chief

Councilor

# WUIKINUV NATION

## Consolidated Statement of Operations

Year Ended March 31, 2019

	2019		2018
	Actual	Budget (Note 19)	
<b>Revenues</b>			
Indigenous Services Canada (ISC)	\$ 3,680,500	\$ -	\$ 9,801,420
Province of British Columbia	1,048,470	775,000	1,331,897
First Nations Health Authority	783,420	-	561,536
Commercial Sales and Licensing	388,663	-	691,732
Central Coast Indigenous Resource Alliance	241,789	-	259,618
Coast Conservation Endowment Fund Foundation	-	-	50,000
Department of Fisheries and Oceans	126,502	-	113,429
Rental Income	172,209	-	308,548
Great Bear Initiative Society	-	-	100,000
Canada Mortgage Housing Corporation	158,018	-	87,268
Wuikinuxv-Kitasoo-Nuxalk Tribal Council (WKNTC)	1,291,888	-	27,274
Other Income	627,573	-	403,027
Great Bear Carbon Credit Limited Partnership	347,880	-	289,920
Earnings from Government Business Entities <b>(Note 5)</b>	<u>3,506,934</u>	<u>-</u>	<u>1,530,685</u>
	<u>12,373,846</u>	<u>775,000</u>	<u>15,556,354</u>
<b>Expenditures (Note 16)</b>			
Core Community Operations	3,422,937	-	2,626,144
Community Support and Development	1,190,867	-	643,457
Resource Management and Development	1,242,093	-	919,231
Capital Expenditures	541,789	-	76,534
Treaty Negotiations	795,378	775,000	853,410
Housing Programs	717,816	-	130,771
Amortization and Impairment of Assets	<u>765,149</u>	<u>-</u>	<u>446,116</u>
	<u>8,676,029</u>	<u>775,000</u>	<u>5,695,663</u>
<b>Annual Surplus</b>	<b>\$ 3,697,817</b>	<b>\$ -</b>	<b>\$ 9,860,691</b>

# WUIKINUV NATION

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## Consolidated Statement of Accumulated Surplus

Year Ended March 31, 2019

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	2019		
	Actual	Budget (Note 19)	2018
<b>Accumulated Surplus - Beginning of Year</b>	\$ 14,235,908	\$ -	\$ 4,375,217
<b>Annual Surplus</b>	<u>3,697,817</u>	<u>-</u>	<u>9,860,691</u>
<b>Accumulated Surplus - End of Year</b>	\$ <u>17,933,725</u>	\$ <u>-</u>	\$ <u>14,235,908</u>

# WUIKINUV NATION

## Consolidated Statement of Changes in Net Debt

Year Ended March 31, 2019

2019

2018

<b>Annual Surplus</b>	\$ 3,697,817	\$ 9,860,691
Tangible Capital Assets Purchased	(2,346,230)	(9,575,437)
Amortization of Tangible Capital Assets	765,149	446,116
	(1,581,081)	(9,129,321)
Use of Prepaid Assets	38,724	76,249
<b>Increase in Net Financial Assets</b>	2,155,460	807,619
<b>Net Debt - Beginning of Year</b>	(4,141,254)	(4,948,873)
<b>Net Debt - End of Year</b>	\$ (1,985,794)	\$ (4,141,254)

# WUIKINUV NATION

## Consolidated Statement of Cash Flows

Year Ended March 31, 2019

2019

2018

### Cash Flows From Operating Activities:

Cash Received from ISC and Other Sources	\$ 9,140,906	\$ 13,255,127
Cash Paid to Suppliers and Employees	(8,418,465)	(3,367,518)
Interest Paid	(49,414)	(20,463)
	<u>673,027</u>	<u>9,867,146</u>

### Cash Flows From Financing Activities:

Proceeds from Long Term Debt	-	428,730
Repayment of Long Term Debt	(113,539)	(118,739)
	<u>(113,539)</u>	<u>309,991</u>

### Cash Flows From Investing Activities:

Distributions from Government Business Entities	263,305	-
Advances from Related Parties	891,364	36,820
	<u>1,154,669</u>	<u>36,820</u>

### Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	<u>(2,346,230)</u>	<u>(9,575,437)</u>
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<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(632,073)</b>	<b>638,520</b>
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<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>1,851,739</b>	<b>1,213,219</b>
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<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 1,219,666</b>	<b>\$ 1,851,739</b>
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# WUIKINUV NATION

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## Notes to the Consolidated Financial Statements

March 31, 2019

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### 1. Significant Accounting Policies:

#### a) Basis of Accounting:

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

#### b) Reporting Entity:

The consolidated financial statements include the accounts of the Wuikinuxv Nation (the "Nation") government administration and the Wuikinuxv 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 consolidated 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. Under the modified equity method of accounting, only the Nation's investment in the business enterprises and the enterprises' 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  
Central Coast Commercial Fishing Limited Partnership

Investments in entities that are not owned, controlled, or influenced by the Nation reporting entity are accounted for as portfolio investments using the cost method. Under this method, investments are recorded at cost, less any provision for other than temporary impairment. Portfolio investments include interests in the following:

Wuikinuxv Economic Development Corporation  
Great Bear Carbon Credit Corporation  
Great Bear Carbon Credit Limited Partnership  
Central Coast Commercial Fisheries Corporation

#### 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.

# WUIKINUV NATION

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## Notes to the Consolidated Financial Statements

March 31, 2019

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### 1. Significant Accounting Policies (continued):

#### d) Cash:

Cash includes balances with banks and cash on hand.

#### e) 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.

Tangible Capital Assets held for use are measured and amortized as described in the applicable accounting policies. The Nation performs impairment testing on these assets 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 Tangible Capital Assets.

Amortization is provided for using the following rates and methods:

Automobiles	30%	declining balance
Boats and motors	7-15%	declining balance
Buildings	4%	declining balance
Computers	30%	declining balance
Earth moving equipment	30%	declining balance
Equipment, furniture and power tools	20%	declining balance
Generators	4%	declining balance
Housing	4%	declining balance
Infrastructure	4%	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.

#### f) 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.

Rental income is recorded in the year it is earned. At the end of each year, management evaluates whether rental revenue is collectible and records a bad debt expense and allowance for doubtful accounts for amounts designated as unlikely to be collected.

# WUIKINUV NATION

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## Notes to the Consolidated Financial Statements

March 31, 2019

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### 1. Significant Accounting Policies (continued):

#### g) 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 reported 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, the valuation of liability for contaminated sites, and the possibility of contingent liabilities. Actual results could differ from these estimates.

#### h) 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, 2019.

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.

### 2. Cash:

#### Replacement and Reserve Fund:

Under the terms of an agreement that the Nation has with CMHC, the Nation is required to maintain a separate replacement and operating reserve account related to the structures that CMHC has a funding agreement with and holds a mortgage over. The cash to be held within these accounts is to be restricted in its use as per the terms of the Nations agreement with CMHC. As at March 31, 2019, this reserve was under-funded by \$228,605 (2018 - \$264,849).

At and for the year ended March 31, 2019 the Nation did not maintain separate bank accounts for the above described reserves. All cash on hand at March 31, 2019 is held in a general operating bank account.

#### 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, 2019, the operating reserve fund was under-funded by \$209,072 (2018 - \$202,868).

# WUIKINUV NATION

## Notes to the Consolidated Financial Statements

March 31, 2019

### 3. Trust Funds Held by Federal Government:

	<u>2018</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2019</u>
Revenue	\$ 41,634	\$ 7,130	\$ -	\$ 48,764
Capital	<u>241,366</u>	<u>-</u>	<u>-</u>	<u>241,366</u>
	<u>\$ 283,000</u>	<u>\$ 7,130</u>	<u>\$ -</u>	<u>\$ 290,130</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*.

### 4. Accounts Receivable:

	<u>2019</u>	<u>2018</u>
<b>Due from Members</b>		
Nation Members	\$ 1,166,157	\$ 1,062,986
Allowance for Doubtful Accounts	<u>(1,062,986)</u>	<u>(1,062,986)</u>
	<u>103,171</u>	<u>-</u>
<b>Due from Others</b>		
Indigenous Services Canada	924,217	824,603
Canada Mortgage and Housing Corporation	45,456	7,276
Department of Fisheries and Oceans Canada	63,085	63,172
Sales Tax Recoverable	53,390	93,598
General Accounts	<u>840,517</u>	<u>799,570</u>
	<u>1,926,665</u>	<u>1,788,219</u>
Allowance for Doubtful Accounts	<u>(39,926)</u>	<u>(35,018)</u>
	<u>1,886,739</u>	<u>1,753,201</u>
<b>Net Accounts Receivable</b>	<b>\$ 1,989,910</b>	<b>\$ 1,753,201</b>

### 5. Investment in Government Business Entities:

The Nation has investments in the following business entities:

	<u>2019</u>	<u>2018</u>
<b>Investments in Government Business Partnerships</b>		
Kvamua Enterprises Limited Partnership	\$ 7,735,574	\$ 4,568,113
Central Coast Commercial Fisheries Limited Partnership	<u>249,868</u>	<u>144,638</u>
	<u>\$ 7,985,442</u>	<u>\$ 4,712,751</u>
<b>Portfolio Investments</b>		
Great Bear Carbon Credit Limited Partnership	<u>359,399</u>	<u>388,461</u>
	<u>\$ 8,344,841</u>	<u>\$ 5,101,212</u>

# WUIKINUV NATION

## Notes to the Consolidated Financial Statements

March 31, 2019

### 5. Investment in Government Business Partnerships (continued):

Financial information of Kvamua Enterprises Limited Partnership (Kvamua) and Central Coast Commercial Fisheries Limited Partnership (CCFLP) is presented in the following table. Financial information for Kvamua is from financial statements prepared for the year ending December 31, 2018 with comparative figures for the year ending December 31, 2017. Financial information for CCFLP is from financial statements prepared for the year ending March 31, 2019 with comparative figures for the year ending March 31, 2018.

	<u>Kvamua</u>	<u>CCFLP</u>	Combined <u>2019</u>	Combined <u>2018</u>
Total Assets	\$ <u>11,909,679</u>	\$ <u>4,002,209</u>	\$ <u>15,911,888</u>	\$ <u>9,977,611</u>
Total Liabilities	4,173,284	2,989,717	7,163,001	3,460,675
Partners' Capital	<u>7,736,395</u>	<u>1,012,492</u>	<u>8,748,887</u>	<u>6,516,936</u>
Total Liabilities and Partners' Capital	\$ <u>11,909,679</u>	\$ <u>4,002,209</u>	\$ <u>15,911,888</u>	\$ <u>9,977,611</u>
Revenues	\$ 25,060,216	\$ 1,620,249	\$ 26,680,465	\$ 20,056,971
Expenses	<u>21,892,438</u>	<u>248,780</u>	<u>22,141,218</u>	<u>10,921,185</u>
Net Income	\$ <u>3,167,778</u>	\$ <u>1,371,469</u>	\$ <u>4,539,247</u>	\$ <u>9,135,786</u>

### 6. Advances to Related Entities:

	<u>2019</u>	<u>2018</u>
Central Coast Commercial Fisheries Limited Partnership	\$ <u>667,805</u>	\$ <u>674,435</u>

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

### 7. Accounts Payable and Accrued Liabilities:

	<u>2019</u>	<u>2018</u>
Trade Payables	\$ 907,759	\$ 1,656,756
Government Remittances Payable	47,151	31,562
Wages and Benefits Payable	91,698	102,208
Indigenous Services Canada	272,770	208,081
Contractor Holdbacks	-	813,978
	<u>\$ 1,319,378</u>	<u>\$ 2,812,585</u>

#### 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 members' 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 members' share of the pension plan at the time of the members' withdrawal from the plan. During the year, the Nation contributed \$20,017 (2018 - \$20,232) for retirement benefits. The Nation has an obligation with regards to the pension plan as at March 31, 2019 of \$2,467, included in Wages and Benefits payable.

# WUIKINUV NATION

## Notes to the Consolidated Financial Statements

March 31, 2019

### 8. Advances from Related Entities:

	<u>2019</u>	<u>2018</u>
Kvamua Enterprises Limited Partnership	\$ 1,025,244	\$ 140,510
Midawis Maintenance Services Limited Partnership	<u>98,321</u>	<u>98,321</u>
	<u>\$ 1,123,565</u>	<u>\$ 238,831</u>

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

### 9. Deferred Revenue:

	<u>2018</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>Transfer to Accounts Payable</u>	<u>2019</u>
<b>ISC</b>					
Housing Multi Year	\$ 45,510	\$ -	\$ -	\$ 45,510	\$ -
Electrical Systems	434,020	482,867	916,887	-	-
Registry Administration	5,000	5,000	10,000	-	-
Employee Benefits	6,731	17,591	24,322	-	-
Social Assistance	2,059	-	-	2,059	-
In-Home Care	10,789	-	-	10,789	-
Private Schools	11,544	45,106	47,842	-	8,808
Post Secondary	90,294	83,589	47,947	2,813	123,123
Planning & Skills Dev.	30,980	-	-	-	30,980
Service Delivery	31,219	29,628	858	3,518	56,471
Prevention Projects	2,313	-	-	-	2,313
Language & Culture	-	4,151	3,977	-	174
Ancillary Support	-	2,870	2,140	-	730
Special Services - ACRS	-	30,853	-	-	30,853
DPMP Supplementary	-	203,333	172,182	-	31,151
Capacity Initiative	-	74,200	-	-	74,200
Software Upgrade	-	75,000	8,345	-	66,655
Community Wellbeing	-	<u>100,475</u>	<u>54,598</u>	-	<u>45,877</u>
	670,459	1,154,663	1,289,098	64,689	471,335
FNHA	50,000	96,240	13,081	-	133,159
Province of BC	-	347,938	75,119	-	272,819
Other	<u>75,353</u>	<u>1,666,621</u>	<u>1,305,642</u>	-	<u>436,332</u>
<b>Total</b>	<b>\$ 795,812</b>	<b>\$ 3,265,462</b>	<b>\$ 2,682,940</b>	<b>\$ 64,689</b>	<b>\$ 1,313,645</b>

# WUIKINUV NATION

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## Notes to the Consolidated Financial Statements

March 31, 2019

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### 10. Long Term Debt:

	<u>2019</u>	<u>2018</u>
<b>Band Housing:</b> 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 \$468,610 (2018 - \$494,641);	\$ 241,614	\$ 267,645
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 \$494,996 (2018 - \$522,930);	206,463	234,397
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 \$765,975 (2018 - \$797,003);	49,767	80,795
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 \$77,071 (2018 - \$103,533)	<u>77,058</u> <u>574,902</u>	<u>103,521</u> <u>686,358</u>
<b>Capital:</b> Coastal Community Credit Union:		
Repayable at \$745 per month including interest at 4.19% per annum; repaid on June 5, 2018;	-  \$ 574,902	2,083  \$ 688,441

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

2020	\$112,905
2021	101,163
2022	79,306
2023	57,128
2024 and beyond	224,400

# WUIKINUV NATION

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## Notes to the Consolidated Financial Statements

March 31, 2019

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### 11. Treaty Negotiation Loan:

	<u>2019</u>	<u>2018</u>
<b>BC Treaty Commission:</b>		
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, or		
d) September 16, 2021;	\$ <u>9,269,172</u>	\$ <u>9,269,172</u>

On March 31, 2020, the Government of Canada forgave the Nation's outstanding Treaty Negotiation Loan.

### 12. Liability for Contaminated Sites:

In the year ending March 31, 2019, the Nation retained a contractor to conduct a Supplemental Phase III Environmental Site Assessment (the "ESA") on the Nation's reserve lands: Katit 1 and Cockmi 3 (the "Site"). The ESA concluded that there is soil and groundwater contamination at the Site caused by specific past or current activities, and recommended that a Remedial Action Plan (RAP) be implemented to comply with federal and provincial requirements.

The proposed RAP will involve sampling, reporting, physical remediation, disposal of materials and post-remediation monitoring and soil treatment. These activities are estimated to take three years for their commencement, and are estimated to begin in five years from the financial statement date. The total estimated cost for the RAP is \$1,237,200 before discounting. The land on which the contamination exists is crown land and the federal government will be responsible for the costs of remediating the contamination prior to transferring the land back to the Nation as part of any future Treaty settlement.

The estimated liability is the present value of future cash flows associated with all remediation activities described above using a long-term borrowing rate of 2.45%. The discounted liability for contaminated sites at March 31, 2019 is estimated to be \$897,484.

# WUIKINUV NATION

## Notes to the Consolidated Financial Statements

March 31, 2019

### 13. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2019	2018
<b>Capital:</b>										
Automobiles	\$ 261,826	\$ 22,000	\$ -	\$ 283,826	\$ 91,423	\$ 57,631	\$ -	\$ 149,054	\$ 134,772	\$ 170,403
Boats and Motors	756,144	-	-	756,144	323,438	49,413	-	372,851	383,293	432,706
Buildings	4,566,989	-	-	4,566,989	2,201,992	94,600	-	2,296,592	2,270,397	2,364,997
Computers	117,401	-	-	117,401	56,916	18,145	-	75,061	42,340	60,485
Earth Moving Equipment	87,828	30,000	-	117,828	84,814	7,857	-	92,671	25,157	3,014
Equipment, Furniture and Power Tools	268,843	26,780	-	295,623	181,545	19,981	-	201,526	94,097	87,298
Generators	540,887	68,546	-	609,433	241,571	12,724	-	254,295	355,138	299,316
Hatchery	1	-	-	1	-	-	-	-	1	1
Housing	232,428	304,691	-	537,119	232,428	-	-	232,428	304,691	-
Infrastructure Projects Under Development	14,108,596	806,966	-	14,915,562	1,438,681	393,342	-	1,832,023	13,083,539	12,669,915
	<u>166,857</u>	<u>1,087,247</u>	<u>-</u>	<u>1,254,104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,254,104</u>	<u>166,857</u>
	<u>21,107,800</u>	<u>2,346,230</u>	<u>-</u>	<u>23,454,030</u>	<u>4,852,808</u>	<u>653,693</u>	<u>-</u>	<u>5,506,501</u>	<u>17,947,529</u>	<u>16,254,992</u>
<b>Social Housing:</b>										
Houses	<u>3,305,795</u>	<u>-</u>	<u>-</u>	<u>3,305,795</u>	<u>1,325,325</u>	<u>111,456</u>	<u>-</u>	<u>1,436,781</u>	<u>1,869,014</u>	<u>1,980,470</u>
<b>Total</b>	<b>\$ 24,413,595</b>	<b>\$ 2,346,230</b>	<b>\$ -</b>	<b>\$ 26,759,825</b>	<b>\$ 6,178,133</b>	<b>\$ 765,149</b>	<b>\$ -</b>	<b>\$ 6,943,282</b>	<b>\$ 19,816,543</b>	<b>\$ 18,235,462</b>

Included in Projects Under Development are capital additions relating to a Youth Centre being built in the Village. The Youth Centre was not complete as of March 31, 2021, so no amortization has been taken on the asset.

Capital additions in the current year for the assets included in Buildings, Equipment, Houses and Projects Under Development are subject to measurement uncertainty in relation to the legal claim against the Nation described in Note 14 (b).

### 14. Contingent Liabilities & Commitments:

- Indigenous Services Canada and the First Nations Health Authority may recover certain program surpluses subsequent to discussion and negotiation with the Nation. 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 currently has a civil claim pending against it relating to the Nicknaqueet River Mini Hydro Project and the Youth Centre Project (the "Projects") filed by the contractor hired to complete the Projects. The contractor has claimed that the Nation breached the Projects' contracts. No information is available as to the amount being pursued by the contractor or the validity of the claim. The Nation is unable to determine the outcome of the claim at this time and no amount has been accrued relating to this claim.

# WUIKINUV NATION

## Notes to the Consolidated Financial Statements

March 31, 2019

### 15. Accumulated Surplus (Deficit):

	<u>2019</u>	<u>2018</u>
<b>Internally Restricted</b>		
Invested in Business Enterprises	\$ 8,199,778	\$ 7,131,571
Invested in Tangible Capital Assets	19,241,641	17,547,021
Treaty Negotiation Loan Financing	(9,269,172)	(9,269,172)
Resource Initiatives - Integrated Resource Stewardship	498,560	421,643
	<u>18,670,807</u>	<u>15,831,063</u>
<b>Externally Restricted</b>		
Equity in Ottawa Trust	290,130	283,000
Housing Replacement Reserve	228,605	319,337
Housing Operating Reserve	209,071	202,868
	<u>727,806</u>	<u>805,205</u>
<b>Unrestricted</b>		
Operating Deficit	(1,464,888)	(2,400,360)
	<u>\$ 17,933,725</u>	<u>\$ 14,235,908</u>

### 16. Schedule of Expenses by Object:

	<u>2019</u>	<u>2018</u>
Amortization and Impairment of Assets	\$ 765,149	\$ 446,116
Bad Debts	55,238	82,690
Consulting and Professional Fees	1,134,237	813,401
Contract and Subcontract Costs	789,920	474,919
Direct Member Benefits	64,626	43,719
Equipment Costs	18,522	35,084
Freight and Fuel	708,300	843,247
Honoraria	156,176	126,802
Insurance	123,610	90,009
Interest and Bank Charges	49,414	20,463
Licenses, Dues and Fees	193,491	21,701
Material and Supplies	384,597	130,705
Meeting and Workshop Costs	80,242	91,522
Miscellaneous	-	33,223
Remediation Costs	897,484	-
Repairs and Maintenance	446,986	207,268
Social Program Costs	-	15,569
Training Costs	83,160	61,691
Travel	727,187	480,497
Telecommunications	97,981	67,441
Wages and Payroll Costs	1,899,709	1,591,482
Write off of Unrecoverable ITCs	-	18,114
	<u>\$ 8,676,029</u>	<u>\$ 5,695,663</u>

# **WUIKINUV NATION**

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## **Notes to the Consolidated Financial Statements**

March 31, 2019

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### **17. Economic Dependence:**

The Nation receives a significant portion of its revenues from ISC as a result of agreements entered into with the Government of Canada. These agreements are administered by ISC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations as it currently is, 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 ISC. 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.

### **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 55% (2018 - 73%) 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. 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. Where budgeted amounts are not provided, a budget had not been completed.

### **20. Subsequent Events:**

#### **COVID-19 Pandemic**

The Nation evaluated its March 31, 2019 financial statements for subsequent events to the date the financial statements were issued. The global outbreak of the coronavirus disease (COVID-19) has caused economic uncertainties that are likely to have a material impact on the annual surplus of the Nation. The extent that the effect of COVID-19 may have on the Nation and its operations for subsequent years cannot be determined at this time.

#### **Treaty Loan**

The Nations Treaty Negotiation Loan was forgiven by the Government of Canada effective March 31, 2020.

#### **Wharf Reconstruction**

The Nation entered into an agreement to reconstruct the wharf located in the Village for a contract price of \$6,382,440 in the year ending March 31, 2022.

#### **Solid Waste Management Centre**

The Nation entered into an agreement for the construction of a Solid Waste Management Centre in the year ending March 31, 2022 for a contract price of \$1,647,715.

# **WUIKINUV NATION**

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## **Notes to the Consolidated Financial Statements**

March 31, 2019

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### **20. Subsequent Events (continued):**

#### **Forest Tenure Purchase**

The Nation purchased Forest Tenure (FL A82001) in the year ending March 31, 2022 for \$9,000,585.

### **21. Comparative Information:**

Certain comparative figures have been reclassified where necessary to conform with the financial statement presentation in the current year.

### **22. 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:

#### **Core Community Operations:**

Core Community Operations contains activities that are needed to manage and administer the Nation's organization.

#### **Community Support & Development:**

Community Support & Development contains all activities that relate to the operations and development of activities that support the continuing development of the community.

#### **Resource Management & Development:**

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

#### **Capital Fund:**

Capital Fund represents amounts spent on the betterment and addition to the Nation's capital assets, either through repairs and maintenance or general capital purchases.

#### **Housing:**

Housing contains activities that relate to on reserve housing.

#### **Business Enterprise:**

Enterprise Funds consists of the Nation's share of earnings from investments in limited partnerships, including Kvamua Enterprises Limited Partnership, Great Bear Carbon Limited Partnership and Central Coast Commercial Fisheries Limited Partnership.

#### **Treaty:**

Treaty contains activities associated with the treaty negotiations between the Nation, the province and the federal government.

# WUIKINUV NATION

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## Notes to the Consolidated Financial Statements

March 31, 2019

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### 22. Segment Disclosures (continued):

#### **Trust Fund:**

The Trust Fund consists of amounts earned on funds held in Ottawa.

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 presented in Schedule 1 attached.

# WUIKINUV NATION

## Schedule 1 - Consolidated Segment Disclosure

March 31, 2019

	Core Community Operations \$	Community Support & Development \$	Resource Management & Development \$	Capital Fund \$	Housing \$	Business Enterprise \$	Treaty \$	Trust Fund \$	Consolidated Total \$
<b>Revenue</b>									
ISC	1,802,246	945,767	15,600	916,887	-	-	-	-	3,680,500
Federal	-	-	126,502	-	125,530	-	-	-	252,032
Provincial	-	76,619	135,690	19,200	-	-	775,000	-	1,006,509
Other	1,321,100	65,794	728,055	1,514,835	157,258	3,854,814	-	7,130	7,648,986
	3,123,346	1,088,180	1,005,847	2,450,922	282,788	3,854,814	775,000	7,130	12,588,027
Less: Interprogram Charges	(211,716)	-	(2,465)	-	-	-	-	-	(214,181)
	2,911,630	1,088,180	1,003,382	2,450,922	282,788	3,854,814	775,000	7,130	12,373,846
<b>Expenses</b>									
Salaries and Benefits	303,174	378	384,802	33,512	342,505	-	199,846	-	1,264,217
Interest	-	-	-	-	10,153	-	-	-	10,153
Amortization	653,693	-	-	-	111,456	-	-	-	765,149
Other	3,441,272	1,190,489	871,731	2,729,182	368,715	-	595,532	-	9,196,921
	4,398,139	1,190,867	1,256,533	2,762,694	832,829	-	795,378	-	11,236,440
Less: Interprogram Charges	(211,716)	-	(2,465)	-	-	-	-	-	(214,181)
Less: Capital Purchases	(109,793)	-	(11,975)	(2,220,905)	(3,557)	-	-	-	(2,346,230)
	4,076,630	1,190,867	1,242,093	541,789	829,272	-	795,378	-	8,676,029
<b>Annual Surplus (Deficit)</b>	<b>(1,165,000)</b>	<b>(102,687)</b>	<b>(238,711)</b>	<b>1,909,133</b>	<b>(546,484)</b>	<b>3,854,814</b>	<b>(20,378)</b>	<b>7,130</b>	<b>3,697,817</b>

March 31, 2018

	Core Community Operations \$	Community Support & Development \$	Resource Management & Development \$	Capital Fund \$	Housing \$	Business Enterprise \$	Treaty \$	Trust Fund \$	Consolidated Total \$
<b>Revenue</b>									
ISC	974,349	415,762	79,175	8,332,134	-	-	-	-	9,801,420
Federal	-	-	106,257	-	87,268	-	-	-	193,525
Provincial	-	-	465,855	542,616	-	-	322,770	-	1,331,241
Other	991,153	199,180	1,083,952	186,882	116,869	1,820,605	-	6,790	4,405,431
	1,965,502	614,942	1,735,239	9,061,632	204,137	1,820,605	322,770	6,790	15,731,617
Less: Interprogram Charges	(164,652)	-	(3,471)	(7,140)	-	-	-	-	(175,263)
	1,800,850	614,942	1,731,768	9,054,492	204,137	1,820,605	322,770	6,790	15,556,354
<b>Expenses</b>									
Salaries and Benefits	236,433	33,800	532,834	3,420	69,183	-	185,447	-	1,061,117
Interest	-	-	-	-	10,409	-	-	-	10,409
Amortization	336,032	-	-	-	110,084	-	-	-	446,116
Other	2,603,470	638,276	556,155	9,396,245	57,012	-	677,563	-	13,928,721
	3,175,935	672,076	1,088,989	9,399,665	246,688	-	863,010	-	15,446,363
Less: Interprogram Charges	-	(28,619)	(1,764)	(129,447)	(5,833)	-	(9,600)	-	(175,263)
Less: Capital Purchases	(213,759)	-	(167,994)	(9,193,684)	-	-	-	-	(9,575,437)
	2,962,176	643,457	919,231	76,534	240,855	-	853,410	-	5,695,663
<b>Annual Surplus (Deficit)</b>	<b>(1,161,326)</b>	<b>(28,515)</b>	<b>812,537</b>	<b>8,977,958</b>	<b>(36,718)</b>	<b>1,820,605</b>	<b>(530,640)</b>	<b>6,790</b>	<b>9,860,691</b>