

WUIKINUXV NATION
Financial Statements
March 31, 2020

WUIKINUXV NATION

Financial Statements

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Year Ended March 31, 2020

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WUIKINUXV NATION
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
March 31, 2020

The Chief and Council of the Wuikinuxv Nation has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of the Wuikinuxv Nation. The 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 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 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 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 financial statements present, in all significant respects the financial position of the Wuikinuxv Nation as at March 31, 2020.

Paul Willie

Paul Willie, Tribal Manager
October 12, 2022



INDEPENDENT AUDITORS' REPORT

To the Chief and Council of the Wuikinuxv Nation,

Opinion

We have audited the financial statements of the Wuikinuxv Nation (the "Nation"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, accumulated surplus, changes in net surplus (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2020, and the 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 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 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

Auditors' Responsibilities for the Audit of the 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 Nwosu Boates Inc

Chartered Professional Accountants
Campbell River, BC

October 12, 2022

WUIKINUV NATION

Statement of Financial Position

March 31, 2020

2020

2019

FINANCIAL ASSETS

Cash (Note 2)	\$ 3,977,770	\$ 1,219,666
Trust Funds Held by Federal Government (Note 3)	295,434	290,130
Accounts Receivable (Note 4)	2,183,341	2,349,207
Investments in Government Business Entities (Note 5)	5,532,825	8,724,803
Advances to Related Entities (Note 6)	<u>184,655</u>	<u>-</u>
	<u>12,174,025</u>	<u>12,583,806</u>

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 7)	1,234,275	1,319,378
Advances from Related Entities (Note 8)	185,471	1,195,019
Deferred Revenue (Note 9)	1,741,436	1,313,645
Long Term Debt (Note 10)	461,993	574,902
Treaty Negotiation Loan (Note 11)	<u>-</u>	9,269,172
Liability for Contaminated Sites (Note 12)	<u>919,721</u>	<u>897,484</u>
	<u>4,542,896</u>	<u>14,569,600</u>

NET FINANCIAL ASSETS (DEBT)

7,631,129 (1,985,794)

NON-FINANCIAL ASSETS

Prepaid Expenses and Deposits	169,385	102,976
Tangible Capital Assets (Note 13)	<u>19,381,532</u>	<u>19,816,543</u>
	<u>19,550,917</u>	<u>19,919,519</u>

ACCUMULATED SURPLUS (Note 14)

\$ 27,182,046 \$ 17,933,725

Contingent Liabilities (Note 15)

Approved by:



Chief



Councillor

WUIKINUXV NATION

Statement of Operations

Year Ended March 31, 2020

	2020		2019
	Actual	Budget (Note 19)	
Revenues			
Indigenous Services Canada (ISC)	\$ 1,707,858	\$ -	\$ 3,680,500
Province of British Columbia	1,078,489	775,000	1,048,470
First Nations Health Authority	1,419,251	-	783,420
Commercial Sales and Licensing	424,525	-	388,663
Central Coast Indigenous Resource Alliance	308,004	-	241,789
BC First Nations Gaming Revenue Sharing LP	519,533	-	-
Department of Fisheries and Oceans	198,918	-	126,502
Rental Income	226,013	-	172,209
Great Bear Initiative Society	46,872	-	-
Canada Mortgage Housing Corporation	91,014	-	158,018
Wuikinuxv-Kitasoo-Nuxalk Tribal Council (WKNTC)	64,284	-	1,291,888
Other Income	715,724	-	627,573
Great Bear Carbon Credit Limited Partnership	16,205	-	347,880
Earnings from Government Business Entities (Note 5)	<u>142,585</u>	<u>-</u>	<u>3,506,934</u>
	<u>6,959,275</u>	<u>775,000</u>	<u>12,373,846</u>
Expenditures (Note 16)			
Core Community Operations	2,909,152	-	3,422,937
Community Support and Development	497,985	-	1,190,867
Resource Management and Development	1,056,779	-	1,242,093
Capital Expenditures	144,019	-	541,789
Treaty Negotiations	706,767	775,000	795,378
Housing Programs	206,515	-	717,816
Business Enterprise	240,510	-	-
Amortization of Tangible Capital Assets	<u>1,218,399</u>	<u>-</u>	<u>765,149</u>
	<u>6,980,126</u>	<u>775,000</u>	<u>8,676,029</u>
Annual Surplus (Deficit) from Operations	(20,851)	-	3,697,817
Other Income			
Treaty Loan Forgiveness (Note 11)	<u>9,269,172</u>	<u>-</u>	<u>-</u>
Annual Surplus	<u>\$ 9,248,321</u>	<u>\$ -</u>	<u>\$ 3,697,817</u>

WUIKINUXV NATION

Statement of Accumulated Surplus

Year Ended March 31, 2020

	2020		2019
	Actual	Budget (Note 19)	
Accumulated Surplus - Beginning of Year	\$ 17,933,725	\$ -	\$ 14,235,908
Annual Surplus	<u>9,248,321</u>	<u>-</u>	<u>3,697,817</u>
Accumulated Surplus - End of Year	\$ <u>27,182,046</u>	\$ <u>-</u>	\$ <u>17,933,725</u>

WUIKINUXV NATION

Statement of Changes in Net Financial Assets (Debt)

Year Ended March 31, 2020

2020

2019

Annual Surplus	\$ 9,248,321	\$ 3,697,817
Tangible Capital Assets Purchased	(783,388)	(2,346,230)
Amortization of Tangible Capital Assets	1,218,399	765,149
	435,011	(1,581,081)
Net Use (Acquisition) of Prepaid Assets	(66,409)	38,724
Increase in Net Financial Assets	9,616,923	2,155,460
Net Debt - Beginning of Year	(1,985,794)	(4,141,254)
Net Financial Assets (Debt) - End of Year	\$ 7,631,129	\$ (1,985,794)

WUIKINUXV NATION

Statement of Cash Flows

Year Ended March 31, 2020

2020

2019

Cash Flows From Operating Activities:

Cash Received from ISC and Other Sources	\$ 7,405,043	\$ 9,140,906
Cash Paid to Suppliers and Employees	(5,843,875)	(8,418,465)
Interest Paid	(47,127)	(49,414)
	<u>1,514,041</u>	<u>673,027</u>

Cash Flows From Financing Activities:

Repayment of Long Term Debt	(112,909)	(113,539)
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Cash Flows From Investing Activities:

Distributions from Government Business Entities	3,625,528	263,305
Advances from (to) Related Parties	(1,485,168)	891,364
	<u>2,140,360</u>	<u>1,154,669</u>

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	(783,388)	(2,346,230)
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Increase (Decrease) in Cash and Cash Equivalents	2,758,104	(632,073)
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Cash and Cash Equivalents - Beginning of Year	1,219,666	1,851,739
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Cash and Cash Equivalents - End of Year	\$ 3,977,770	\$ 1,219,666
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WUIKINUXV NATION

Notes to the Financial Statements

March 31, 2020

1. Significant Accounting Policies:

a) Basis of Accounting:

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

b) Basis of Presentation:

The 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. These enterprises are 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 (100%)
Central Coast Commercial Fishing Limited Partnership (25%)
Central Coast Commercial Fisheries Corporation (25%)

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
BC First Nation Gaming 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.

WUIKINUXV NATION

Notes to the Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued):

d) Cash and Cash Equivalents:

Cash and cash equivalents include balances with banks, cash on hand, and term deposits.

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) Basis of Accounting for Revenue and Expenses:

Restricted transfers from other governments are initially deferred to the extent that they contain a stipulation that gives rise to a liability. Amounts deferred are recognized as revenue in the period the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions are recorded in the year the contribution becomes receivable under the terms of the applicable funding agreement. Contributions that are specifically designated to fund expenses of a future period, or that are restricted and unspent at the end of a period, are deferred and recognized in the period in which the related expenses are incurred.

Rents, leases, contributions from non-government agreements, other fees, and interest are recognized as revenue in the period earned, when collection is reasonably assured.

Sales of goods and services are recognized as revenue in the period the good or service is provided to the recipient, and collection is reasonably assured.

WUIKINUXV NATION

Notes to the Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued):

f) Basis of Accounting for Revenue and Expenses (continued):

Other economic activities represent activities of partnerships controlled by the Nation. Revenues from economic activities consist of sales of goods and services, government transfers, management fees, and lease revenue. Expenses are recognized as they are incurred and measurable as a result of goods and services being received and/or the creation of a legal obligation to pay.

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, 2020. At each financial reporting date, the 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.

i) Segment Disclosures:

A segment is defined as a distinguishable activity or group of activities of the Nation, for which it is appropriate to separately report financial information to achieve the objectives of the standard. the Nation has provided definitions used in Note 22 as well as presented financial information in segment format in Schedule 1.

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 agreement with CMHC. As at March 31, 2020, this reserve was under-funded by \$232,477 (2019 - \$228,605). At and for the year ended March 31, 2020 the Nation did not maintain separate bank accounts for the above described reserves. All cash on hand at March 31, 2020 is held in a general operating bank accounts, which includes the cash restricted by CMHC for the replacement reserve.

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, 2020, the operating reserve fund was under-funded by \$151,109 (2019 - \$209,072). At and for the year ended March 31, 2020 the Nation did not maintain separate bank accounts for the operating. All cash on hand at March 31, 2020 is held in a general operating bank accounts, which includes the cash restricted by CMHC for the operating reserve.

WUIKINUXV NATION

Notes to the Financial Statements

March 31, 2020

3. Trust Funds Held by Federal Government:

	<u>2019</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2020</u>
Revenue	\$ 48,764	\$ 5,304	\$ -	\$ 54,068
Capital	<u>241,366</u>	<u>-</u>	<u>-</u>	<u>241,366</u>
	<u>\$ 290,130</u>	<u>\$ 5,304</u>	<u>\$ -</u>	<u>\$ 295,434</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>2020</u>	<u>2019</u>
Due from Members		
Nation Members	\$ 1,295,918	\$ 1,166,157
Allowance for Doubtful Accounts	<u>(1,129,208)</u>	<u>(1,062,986)</u>
	<u>166,710</u>	<u>103,171</u>
Due from Others		
Indigenous Services Canada	735,014	924,217
Canada Mortgage and Housing Corporation	7,276	45,456
Department of Fisheries and Oceans Canada	277,503	63,085
Sales Tax Recoverable	89,715	53,390
General Accounts	<u>1,009,205</u>	<u>1,199,814</u>
	<u>2,118,713</u>	<u>2,285,962</u>
Allowance for Doubtful Accounts	<u>(102,082)</u>	<u>(39,926)</u>
	<u>2,016,631</u>	<u>2,246,036</u>
Net Accounts Receivable	<u>\$ 2,183,341</u>	<u>\$ 2,349,207</u>

5. Investments in Government Business Entities:

The Nation has investments in the following business entities:

	<u>2020</u>	<u>2019</u>
Investments in Government Business Partnerships		
Kvamua Enterprises Limited Partnership	\$ 4,325,344	\$ 7,735,574
Central Coast Commercial Fisheries Limited Partnership	<u>1,207,269</u>	<u>989,127</u>
	<u>\$ 5,532,613</u>	<u>\$ 8,724,701</u>
Portfolio Investments		
BC First Nations Gaming Revenue Sharing LP	110	-
Great Bear Carbon Credit Limited Partnership	100	100
Great Bear Carbon Credit Corporation	1	1
Wuikinuxv Economic Development Corporation	<u>1</u>	<u>1</u>
	<u>\$ 5,532,825</u>	<u>\$ 8,724,803</u>

WUIKINUXV NATION

Notes to the Financial Statements

March 31, 2020

5. Investments in Government Business Entities (continued):

Financial information of Kvamua Enterprises Limited Partnership (Kvamua) and Central Coast Commercial Fisheries Limited Partnership (CCCFLP) is presented in the following table. Financial information for Kvamua is from financial statements prepared for the year ending December 31, 2019 with comparative figures for the year ending December 31, 2018. Financial information for CCCFLP is from financial statements prepared for the year ending March 31, 2020 with comparative figures for the year ending March 31, 2019.

	<u>Kvamua</u>	<u>CCCFLP</u>	Combined <u>2020</u>	Combined <u>2019</u>
Total Assets	\$ <u>12,224,649</u>	\$ <u>5,013,292</u>	\$ <u>17,237,941</u>	\$ <u>15,983,343</u>
Total Liabilities	7,898,503	122,698	8,021,201	4,240,058
Partners' Capital	<u>4,326,146</u>	<u>4,890,594</u>	<u>9,216,740</u>	<u>11,743,285</u>
Total Liabilities and Partners' Capital	\$ <u>12,224,649</u>	\$ <u>5,013,292</u>	\$ <u>17,237,941</u>	\$ <u>15,983,343</u>
Revenues	\$ 12,993,487	\$ 1,645,817	\$ 14,639,304	\$ 26,680,465
Expenses	<u>13,188,836</u>	<u>280,643</u>	<u>13,469,479</u>	<u>22,141,218</u>
Net Income (Loss)	\$ <u>(195,349)</u>	\$ <u>1,365,174</u>	\$ <u>1,169,825</u>	\$ <u>4,539,247</u>

6. Advances to Related Entities:

	<u>2020</u>	<u>2019</u>
Kvamua Enterprises Limited Partnership	\$ <u>184,655</u>	\$ <u>-</u>

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

7. Accounts Payable and Accrued Liabilities:

	<u>2020</u>	<u>2019</u>
Trade Payables	\$ 768,539	\$ 907,759
Government Remittances Payable	26,170	47,151
Wages and Benefits Payable	166,796	91,698
Indigenous Services Canada	<u>272,770</u>	<u>272,770</u>
	\$ 1,234,275	\$ 1,319,378

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 \$10,006 (2019 - \$20,017) for retirement benefits. The Nation has an obligation with regards to the pension plan as at March 31, 2020 of \$3,386 (2019 - \$2,467), included in Wages and Benefits payable.

WUIKINUV NATION

Notes to the Financial Statements

March 31, 2020

8. Advances from Related Entities:

	<u>2020</u>	<u>2019</u>
Kvamua Enterprises Limited Partnership	\$ -	\$ 1,025,244
Midawis Maintenance Services Limited Partnership	98,321	98,321
Central Coast Commercial Fisheries LP	87,150	71,454
	<u>\$ 185,471</u>	<u>\$ 1,195,019</u>

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

9. Deferred Revenue:

	<u>2019</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>2020</u>
ISC				
Physical Development Plan	\$ -	\$ 25,000	\$ -	\$ 25,000
HR Management Plan	-	45,600	13,087	32,513
Finance Management Plan	-	46,500	29,500	17,000
Wastewater	-	173,059	58,778	114,281
Solid Waste Centre	-	143,361	5,186	138,175
Private Schools	8,808	-	8,808	-
Post Secondary	123,123	2,313	10,449	114,987
Planning & Skills Dev.	30,980	-	-	30,980
Service Delivery	56,471	-	23,726	32,745
Prevention Projects	2,313	-	2,313	-
Language & Culture	174	-	174	-
Ancillary Support	730	3,444	689	3,485
Special Services - ACRS	30,853	-	30,853	-
DPMP Supplementary	31,151	203,333	203,333	31,151
Capacity Initiative	74,200	-	-	74,200
Software Upgrade	66,655	-	-	66,655
Community Wellbeing	45,877	<u>100,475</u>	<u>20,095</u>	<u>126,257</u>
	471,335	743,085	406,991	807,429
FNHA	133,159	747,350	625,822	254,687
Province of BC	272,819	130,000	105,548	297,271
Other	<u>436,332</u>	<u>10,000</u>	<u>64,283</u>	<u>382,049</u>
Total	<u>\$ 1,313,645</u>	<u>\$ 1,630,435</u>	<u>\$ 1,202,644</u>	<u>\$ 1,741,436</u>

WUIKINUXV NATION

Notes to the Financial Statements

March 31, 2020

10. Long Term Debt:

	<u>2020</u>	<u>2019</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 \$442,111 (2019 - \$468,610);	\$ 215,110	\$ 241,614
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 \$466,772 (2019 - \$494,996);	178,239	206,463
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 \$734,632 (2019 - \$765,975);	18,425	49,767
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 \$50,231 (2019 - \$77,071)	<u>50,219</u> \$ 461,993	<u>77,058</u> \$ 574,902

Interest paid on long term debt for the year ended March 31, 2020 is \$7,535 (2019 - \$8,879).

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

2021	\$101,163
2022	79,306
2023	57,128
2024	57,955
2025 and beyond	166,441

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Notes to the Financial Statements

March 31, 2020

11. Treaty Negotiation Loan:

	<u>2020</u>	<u>2019</u>
Indigenous Services Canada - Treaty Loan	\$ _____ -	\$ 9,269,172

The amount due to Indigenous Services Canada for the Treaty Loan represented advances made by Canada for negotiations under the First Nation Negotiation Support Agreement. 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 four 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, 2020 is estimated to be \$919,721 (2019 - \$897,484).

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Notes to the Financial Statements

March 31, 2020

13. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2020	2019
Capital:										
Automobiles	\$ 283,826	\$ 52,271	\$ -	\$ 336,097	\$ 149,054	\$ 47,573	\$ -	\$ 196,627	\$ 139,470	\$ 134,772
Boats and Motors	756,144	-	-	756,144	372,851	43,085	-	415,936	340,208	383,293
Buildings	5,821,093	607,649	-	6,428,742	2,296,592	90,816	-	2,387,408	4,041,334	3,524,501
Computers	117,401	42,580	-	159,981	75,061	13,067	-	88,128	71,853	42,340
Earth Moving Equipment	117,828	-	-	117,828	92,671	12,907	-	105,578	12,250	25,157
Equipment, Furniture and Power Tools	295,623	2,865	-	298,488	201,526	18,859	-	220,385	78,103	94,097
Generators	609,433	-	-	609,433	254,295	14,956	-	269,251	340,182	355,138
Hatchery	1	-	-	1	-	-	-	-	1	1
Housing	537,119	-	-	537,119	232,428	-	-	232,428	304,691	304,691
Infrastructure	<u>14,915,562</u>	<u>78,023</u>	<u>-</u>	<u>14,993,585</u>	<u>1,832,023</u>	<u>864,231</u>	<u>-</u>	<u>2,696,254</u>	<u>12,297,331</u>	<u>13,083,539</u>
	<u>23,454,030</u>	<u>783,388</u>	<u>-</u>	<u>24,237,418</u>	<u>5,506,501</u>	<u>1,105,494</u>	<u>-</u>	<u>6,611,995</u>	<u>17,625,423</u>	<u>17,947,529</u>
Social Housing:										
Houses	<u>3,305,795</u>	<u>-</u>	<u>-</u>	<u>3,305,795</u>	<u>1,436,781</u>	<u>112,905</u>	<u>-</u>	<u>1,549,686</u>	<u>1,756,109</u>	<u>1,869,014</u>
Total	\$ 26,759,825	\$ 783,388	\$ -	\$ 27,543,213	\$ 6,943,282	\$ 1,218,399	\$ -	\$ 8,161,681	\$ 19,381,532	\$ 19,816,543

Included in Buildings is \$1,278,920 (2019 - \$1,254,104) relating to a Youth Centre being built in the Village. The Youth Centre was not complete as of March 31, 2020, so no amortization has been taken on the asset.

Also included in Buildings is \$582,833 in capital additions relating to a daycare building being built in the Village. The daycare building was not complete as of March 31, 2020, so no amortization has been taken on the asset.

14. Accumulated Surplus:

		<u>2020</u>	<u>2019</u>
Internally Restricted			
Invested in Business Enterprises		\$ 7,512,244	\$ 8,199,778
Invested in Tangible Capital Assets		18,919,539	19,241,641
Treaty Negotiation Loan Financing		-	(9,269,172)
Resource Initiatives - Integrated Resource Stewardship		<u>654,500</u>	<u>498,560</u>
		<u>27,086,283</u>	<u>18,670,807</u>
Externally Restricted			
Equity in Ottawa Trust		295,434	290,130
Housing Replacement Reserve		232,477	228,605
Housing Operating Reserve		<u>151,110</u>	<u>209,071</u>
		<u>679,021</u>	<u>727,806</u>
Unrestricted			
Operating Deficit		<u>(583,258)</u>	<u>(1,464,888)</u>
		<u>\$ 27,182,046</u>	<u>\$ 17,933,725</u>

WUIKINUV NATION

Notes to the Financial Statements

March 31, 2020

15. Contingent Liabilities & Commitments:

- a) 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.
- b) 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.

16. Schedule of Expenses by Object:

	<u>2020</u>	<u>2019</u>
Amortization and Impairment of Assets	\$ 1,218,399	\$ 765,149
Bad Debts	148,751	55,238
Consulting and Professional Fees	813,760	1,134,237
Contract and Subcontract Costs	365,822	789,920
Direct Member Benefits	305,693	64,626
Equipment Costs	14,200	18,522
Freight and Fuel	284,774	708,300
Honoraria	149,020	156,176
Insurance	149,262	123,610
Interest and Bank Charges	47,127	49,414
Licenses, Dues and Fees	220,401	193,491
Material and Supplies	193,994	384,597
Meeting and Workshop Costs	93,536	80,242
Remediation Costs	22,237	897,484
Repairs and Maintenance	154,978	446,986
Training Costs	121,006	83,160
Travel	784,415	727,187
Telecommunications	101,981	97,981
Wages and Payroll Costs	<u>1,790,770</u>	<u>1,899,709</u>
	<u>\$ 6,980,126</u>	<u>\$ 8,676,029</u>

WUIKINUXV NATION

Notes to the Financial Statements

March 31, 2020

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 51% (2019 - 55%) 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, 2020 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 in the year ending March 31, 2021. 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.

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.

Forest Tenure Purchase

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

WUIKINUV NATION

Notes to the Financial Statements

March 31, 2020

20. Subsequent Events (continued):

Diesel Spill

In the year ending March 31, 2021, a diesel spill occurred in Rivers Inlet for which the Nation has taken responsibility. The spill is likely to have a significant impact on the liabilities of the Nation in the year ending March 31, 2021 due to the liability for the contaminated site resulting from the spill.

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.

WUIKINUXV NATION

Notes to the Financial Statements

March 31, 2020

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.

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Schedule 1 - Segment Disclosure

March 31, 2020

	Core Community Operations	Community Support & Development	Resource Management & Development	Capital Fund	Housing	Business Enterprise	Treaty	Trust Fund	Total
Revenue									
ISC	\$ 1,302,907	\$ 283,108	\$ -	\$ 121,843	\$ -	\$ -	\$ -	\$ -	\$ 1,707,858
Federal	-	-	198,918	-	91,014	-	9,269,172	-	9,559,104
Provincial	7,535	61,591	190,406	43,957	-	-	775,000	-	1,078,489
Other	<u>1,479,321</u>	<u>713,315</u>	<u>1,014,819</u>	<u>647,116</u>	<u>197,103</u>	<u>158,790</u>	<u>-</u>	<u>5,304</u>	<u>4,215,768</u>
	<u>2,789,763</u>	<u>1,058,014</u>	<u>1,404,143</u>	<u>812,916</u>	<u>288,117</u>	<u>158,790</u>	<u>10,044,172</u>	<u>5,304</u>	<u>16,561,219</u>
Less: Interprogram Charges	<u>(332,772)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(332,772)</u>
	<u>2,456,991</u>	<u>1,058,014</u>	<u>1,404,143</u>	<u>812,916</u>	<u>288,117</u>	<u>158,790</u>	<u>10,044,172</u>	<u>5,304</u>	<u>16,228,447</u>
Expenses									
Salaries and Benefits	878,923	175,015	469,488	3,803	84,038	-	179,503	-	1,790,770
Interest	-	-	-	-	7,408	-	-	-	7,408
Amortization	1,105,494	-	-	-	112,905	-	-	-	1,218,399
Other	<u>2,381,108</u>	<u>402,579</u>	<u>587,291</u>	<u>825,888</u>	<u>115,069</u>	<u>240,510</u>	<u>527,264</u>	<u>-</u>	<u>5,079,709</u>
	<u>4,365,525</u>	<u>577,594</u>	<u>1,056,779</u>	<u>829,691</u>	<u>319,420</u>	<u>240,510</u>	<u>706,767</u>	<u>-</u>	<u>8,096,286</u>
Less: Interprogram Charges	<u>(332,772)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(332,772)</u>
Less: Capital Purchases	<u>(18,107)</u>	<u>(79,609)</u>	<u>-</u>	<u>(685,672)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(783,388)</u>
	<u>4,014,646</u>	<u>497,985</u>	<u>1,056,779</u>	<u>144,019</u>	<u>319,420</u>	<u>240,510</u>	<u>706,767</u>	<u>-</u>	<u>6,980,126</u>
Annual Surplus (Deficit)	\$ (1,557,655)	\$ 560,029	\$ 347,364	\$ 668,897	\$ (31,303)	\$ (81,720)	\$ 9,337,405	\$ 5,304	\$ 9,248,321

March 31, 2019

	Core Community Operations	Community Support & Development	Resource Management & Development	Capital Fund	Housing	Business Enterprise	Treaty	Trust Fund	Total
Revenue									
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	<u>1,321,100</u>	<u>65,794</u>	<u>728,055</u>	<u>1,514,835</u>	<u>157,258</u>	<u>3,854,814</u>	<u>-</u>	<u>7,130</u>	<u>7,648,986</u>
	<u>3,123,346</u>	<u>1,088,180</u>	<u>1,005,847</u>	<u>2,450,922</u>	<u>282,788</u>	<u>3,854,814</u>	<u>775,000</u>	<u>7,130</u>	<u>12,588,027</u>
Less: Interprogram Charges	<u>(211,716)</u>	<u>-</u>	<u>(2,465)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(214,181)</u>
	<u>2,911,630</u>	<u>1,088,180</u>	<u>1,003,382</u>	<u>2,450,922</u>	<u>282,788</u>	<u>3,854,814</u>	<u>775,000</u>	<u>7,130</u>	<u>12,373,846</u>
Expenses									
Salaries and Benefits	732,267	138,636	400,402	85,185	343,373	-	199,846	-	1,899,709
Interest	-	-	-	-	10,153	-	-	-	10,153
Amortization	653,693	-	-	-	111,456	-	-	-	765,149
Other	<u>3,012,179</u>	<u>1,052,231</u>	<u>856,131</u>	<u>2,677,509</u>	<u>367,847</u>	<u>-</u>	<u>595,532</u>	<u>-</u>	<u>8,561,429</u>
	<u>4,398,139</u>	<u>1,190,867</u>	<u>1,256,533</u>	<u>2,762,694</u>	<u>832,829</u>	<u>-</u>	<u>795,378</u>	<u>-</u>	<u>11,236,440</u>
Less: Interprogram Charges	<u>(211,716)</u>	<u>-</u>	<u>(2,465)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(214,181)</u>
Less: Capital Purchases	<u>(109,793)</u>	<u>-</u>	<u>(11,975)</u>	<u>(2,220,905)</u>	<u>(3,557)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,346,230)</u>
	<u>4,076,630</u>	<u>1,190,867</u>	<u>1,242,093</u>	<u>541,789</u>	<u>829,272</u>	<u>-</u>	<u>795,378</u>	<u>-</u>	<u>8,676,029</u>
Annual Surplus (Deficit)	\$ (1,165,000)	\$ (102,687)	\$ (238,711)	\$ 1,909,133	\$ (546,484)	\$ 3,854,814	\$ (20,378)	\$ 7,130	\$ 3,697,817