

Consolidated Financial Statements of

WEST MOBERLY FIRST NATIONS

Year ended March 31, 2014

WEST MOBERLY FIRST NATIONS

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WEST MOBERLY FIRST NATIONS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the West Moberly First Nations are the responsibility of management and have been approved by the Chief and Council of the First Nations.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The First Nations maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nations' assets are appropriately accounted for and adequately safeguarded.

The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review the First Nations' consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. KPMG LLP have full access to the Council.



Chief


First Nation Manager

October 31, 2014



KPMG LLP
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada

Telephone (250) 563-7151
Fax (250) 563-5693
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Chief and Council Members of West Moberly First Nations

We have audited the accompanying consolidated financial statements of West Moberly First Nations, (the "First Nations"), which comprise the consolidated statement of financial position as at March 31, 2014, the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the First Nations' preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nations' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Basis for Modified Opinion

As disclosed in note 1 to the consolidated financial statements, public sector accounting standards require that the First Nations consolidate government organizations and account for its investments in government business enterprises and partnerships using the modified equity method. In the current and prior periods, the First Nations has not accounted for government organizations or government business enterprises in compliance with public sector accounting standards. Consequently, we were unable to determine whether any adjustments were required to the First Nations' financial and non-financial assets, to equity in losses of investments in government business enterprises and partnerships, or the First Nations' accumulated surplus for the year ended March 31, 2014. It is impracticable to provide this information in the auditors' report.

Modified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Modified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of West Moberly First Nations as at March 31, 2014, and the results of its consolidated operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Comparative information

Without further modifying our opinion, we draw attention to note 10 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended March 31, 2013 have been restated. The consolidated financial statements of West Moberly First Nations as at and for the year ended March 31, 2013, excluding the restatement described in note 10(a) to the consolidated financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on September 18, 2013.

As part of our audit of the consolidated financial statements as at and for the year ended March 31, 2014, we audited the restatement described in note 10(a) that was applied to restate the comparative information presented as at and for the year ended March 31, 2013. In our opinion, the restatement is appropriate and has been properly applied.

We were not engaged to audit, review, or apply any procedures to the March 31, 2013 consolidated financial statements other than with respect to the restatement described in note 10(a). Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Accountants

October 31, 2014

Prince George, Canada

WEST MOBERLY FIRST NATIONS

Consolidated Statement of Financial Position

March 31, 2014, with comparative information for 2013

	2014	2013 Restated (note 10(a))
Financial Assets:		
Cash	\$ 1,585,713	\$ 1,639,695
Restricted cash (note 2)	324,539	322,847
Short-term investments	2,362,448	2,332,718
Accounts receivable (note 3)	2,297,104	829,539
Investments in business entities (note 4)	3,437,410	4,716,721
	<u>10,007,214</u>	<u>9,841,520</u>
Financial Liabilities:		
Accounts payable and accrued liabilities	381,433	604,220
Deferred revenue (note 6)	2,601,672	593,070
Promissory note (note 7)	2,923,310	2,712,120
Loans payable (note 8)	3,079,191	3,367,895
	<u>8,985,606</u>	<u>7,277,305</u>
Net financial assets	1,021,608	2,564,215
Non-Financial Assets:		
Prepaid expenses	510	34,915
Inventories	4,130	4,130
Tangible capital assets (note 5)	5,122,612	5,073,542
	<u>5,127,252</u>	<u>5,112,587</u>
Subsequent event (note 18)		
Commitments and contingencies (note 15)		
Accumulated surplus (note 10)	\$ 6,148,860	\$ 7,676,802

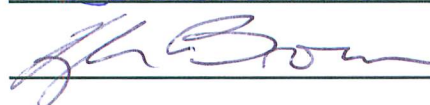
See accompanying notes to consolidated financial statements.


chief 

On behalf of Council:

 Councillor

 Councillor

 Councillor

 Councillor

WEST MOBERLY FIRST NATIONS

Consolidated Statement of Operations

Year ended March 31, 2014, with comparative information for 2013

	2014	2013 Restated (note 10(a))
Revenues:		
Aboriginal Affairs and Northern Development Canada	\$ 1,167,166	\$ 1,133,357
Canada Mortgage and Housing Corporation	97,358	98,664
Health and Welfare Canada (note 13)	311,429	52,415
Industrial contracts	2,693,684	1,317,792
Interest income	35,094	37,424
Oil and Gas Commission	578,372	722,463
Other revenue	1,544,501	2,274,261
Treaty 8 Heritage Trust	400,000	400,000
	6,827,604	6,036,376
Expenses:		
Administration expenses	1,281,048	860,970
Capital projects	335,407	271,827
Chief and Council	1,391,360	2,431,388
Community Operations	417,801	614,417
Culture	54,333	67,534
Dakki Centre	217,839	199,724
Dunne-Za Lodge	57,283	128,224
Economic Development	486,853	224,246
Education	223,673	223,304
Health	384,705	466,837
Housing	325,048	262,349
Land	1,506,100	1,077,384
Social development	189,540	207,390
Specific claims	329,542	603,761
Western Boundary	79,995	46,875
	7,280,527	7,686,230
Deficiency of revenues over expenses before the undernoted item	(452,923)	(1,649,854)
Equity in (loss) earnings of business entities	(1,075,019)	621,072
Annual deficit	(1,527,942)	(1,028,782)
Accumulated surplus, beginning of year as restated	7,676,802	8,705,584
Accumulated surplus, end of year	\$ 6,148,860	\$ 7,676,802

See accompanying notes to consolidated financial statements.

WEST MOBERLY FIRST NATIONS

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2014, with comparative information for 2013

	Total 2014	Total 2013 Restated (note 10(a))
Annual deficit	\$ (1,527,942)	\$ (1,028,782)
Tangible capital assets		
Acquisition of tangible capital assets	(311,975)	(1,236,664)
Amortization of tangible capital assets	262,905	228,123
Change in inventories	-	4,401
Change in prepaid expenses	34,405	(26,653)
Decrease in net financial assets	(1,542,607)	(2,059,575)
Net financial assets, beginning of year	2,564,215	4,623,790
Net financial assets, end of year	\$ 1,021,608	\$ 2,564,215

See accompanying notes to consolidated financial statements.

WEST MOBERLY FIRST NATIONS

Consolidated Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013 Restated (note 10(a))
Cash provided by (used in):		
Operations:		
Annual deficit	\$ (1,527,942)	\$ (1,028,782)
Items not involving cash:		
Amortization of tangible capital assets	262,905	228,123
Equity in loss on investments in business entities	1,075,019	621,072
	(190,018)	(179,587)
Changes in non-cash assets and liabilities:		
Accounts receivable	(1,467,565)	(450,423)
Accounts payable and accrued liabilities	(222,787)	(20,615)
Inventories	-	4,401
Deferred revenue	2,008,602	593,070
Prepaid expenses	34,405	(26,653)
	162,637	(79,807)
Financing:		
Repayment of loans payable	(362,964)	(115,767)
Proceeds of loans payable	74,260	1,074,031
Proceeds from promissory note (note 7)	211,190	625,000
	(77,514)	1,583,264
Investing:		
Increase in short-term investments	(29,731)	(22,069)
Purchase of tangible capital assets	(311,975)	(1,236,664)
Advances from (to) business entities	204,293	(1,237,948)
	(137,413)	(2,496,681)
Decrease in cash	(52,290)	(993,224)
Cash, beginning of year	1,962,542	2,955,766
Cash, end of year	\$ 1,910,252	\$ 1,962,542
Cash consists of:		
Restricted cash	\$ 324,539	\$ 322,847
Cash	1,585,713	1,639,695
	\$ 1,910,252	\$ 1,962,542

See accompanying notes to consolidated financial statements.

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements

Year ended March 31, 2014

Nature of operations:

West Moberly First Nations provides local government, education, and social development services to its members and was established under the Indian Act (Canada).

1. Basis of presentation and significant accounting policies:

These consolidated financial statements include the assets, liabilities, and results of operations of West Moberly First Nations (the "First Nations") and all related entities and organizations subject to control by Chief and Council. No inclusion has been made of assets, liabilities, revenues or expenses of First Nations members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of Chief and Council.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government, as established by the Public Sector Accounting and Auditing Board ("PSAB"), which encompasses the following principles:

(a) Fund accounting:

The First Nations uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been consolidated for the purpose of presentation in the consolidated financial statements. Details of the operations of each fund are set out in the supplementary schedules. The First Nations maintains the following funds:

- The Operating Fund, which reports the general activities of the First Nations administration.
- The Capital Fund, which reports the tangible capital assets of the First Nations, together with their related financing.
- The Enterprise Fund, which represents the First Nations investments in commercial enterprises, including incorporated and unincorporated businesses, as well as investments in related entities.
- The Trust Fund, which reports on trust funds owned by the First Nations and held by a third party.

All inter-fund balances are eliminated on consolidation, but in order to present the results for each specific fund, transactions between funds have not been eliminated.

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

1. Basis of presentation and significant accounting policies (continued):

(b) Reporting entity and principles of consolidation:

The First Nations' reporting entity includes the West Moberly First Nations government and all related entities which are accountable to the First Nations and are either owned or controlled by the First Nations.

Government Business Entities ("GBE") and five Government Business Partnerships ("GBP"), which are controlled or jointly controlled by the Band, are included in the summary financial statements using the modified equity method. Under the modified equity method, the GBE's and GBP's accounting policies are not adjusted to conform with those of the First Nations and inter-organizational transactions and balances are not eliminated. The First Nations recognizes its equity interest in the annual earnings or loss of the GBE's and GBP's in its consolidated statement of operating with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the First Nations may receive from the GBE's and GBP's will be reflected as deductions in the investment asset account.

The First Nations' GBE's and GBP's consist of the following:

GBE's:

- 5 Star Energy Services
- 0924958 B.C. Ltd
- 0944996 B.C. Ltd
- Dunne-Za Economic Development Corporation
- Twin Sisters Native Plants Nursery GP Inc.
- West Moberly First Nations Holdings Inc.
- West Moberly First Nations Investments Inc.
- West Moberly Indigiinet Internet Service Inc.

GBP's:

- Black Diamond Cygnus Limited Partnership
- Dunne-Za Ventures Limited Partnership
- EBA Developments Limited Partnership
- Six Nations Ventures Limited Partnership
- Three Nations Ventures Limited Partnership
- Twin Sisters Native Plants Nursery Limited Partnership

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

1. Basis of presentation and significant accounting policies (continued):

(c) Revenue recognition:

Government transfers and grant revenue are recognized as the First Nations becomes entitled to the funding under the terms of applicable funding agreements and are recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Other revenue, including rent and lease revenue, sales of goods and provision of services are recognized in the period the goods or services are provided and the related proceeds are received or receivable.

(d) Non-financial assets:

Non financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(e) Short-term investments:

Short-term investments consists of guaranteed investment certificates and are recorded at cost. Accrued interest is recorded when earned.

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

1. Basis of presentation and significant accounting policies (continued):

(f) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation with a corresponding amount recorded as revenue. Tangible capital assets under construction are not amortized until the asset is available or use.

Tangible capital assets are amortized annually over their expected useful lives using the declining balance method at the following rates:

Asset	Rate
Building	4%
Furniture and fixtures	20%
Vehicles	30%
Computer	30%

When management determines that a tangible capital asset no longer contributes to the First Nations' ability to provide goods and services or that the value of future benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating valuation of investment in business entities, collectibility of accounts receivable and the estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

1. Basis of presentation and significant accounting policies (continued):

(h) Budget data:

As no formal budget was approved by Chief and Council for the 2014 fiscal year, budget data has not been presented.

(i) Allocation of expenses:

The Chief and Council records a number of its expenses by program. The cost of each program includes the personnel, premises and other expenses that are directly related to providing the program.

The Chief and Council allocates certain of its general support expenses by identifying the appropriate basis of allocating each expenses.

(j) Segmented disclosure:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standards. The First Nations has determined the most appropriate basis for classifying segments is by program. Segmented disclosures are provided in note 19 and Schedule 2 to the consolidated financial statements.

2. Restricted cash:

Included in restricted cash is \$39,932 (2013 - \$38,378) in Ottawa Trust accounts (note 12) and \$284,608 (2013 - \$284,469) in the CMHC Social Housing replacement reserve (note 9).

3. Accounts receivable:

	2014	2013
Aboriginal Affairs and Northern Development Canada	\$ -	\$ 106,644
Health and Welfare Canada	49,362	-
Industrial Agreements	1,819,116	335,839
Members	195,970	186,339
GST	176,844	111,016
Other	55,812	89,701
	<u>\$ 2,297,104</u>	<u>\$ 829,539</u>

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

4. Investments in business entities:

	2014	2013
Government business enterprises	\$ 2,073,393	\$ 1,860,685
Government business partnerships	1,364,017	2,856,036
	<u>\$ 3,437,410</u>	<u>\$ 4,716,721</u>

(a) Government business enterprises

- i) The First Nations has made investments in incorporated entities summarized as follows:

	2014	2013
5 Star Energy Services Inc. (50% interest)		
Investment in shares, cost	\$ 50	\$ 50
Advances	(785,370)	(675,370)
Accumulated equity in earnings	785,320	779,717
	<u>-</u>	<u>104,397</u>
0924958 B.C. Ltd (wholly owned)		
Investment in shares, cost	4	4
Advances	(4)	(4)
	<u>-</u>	<u>-</u>
0944996 B.C. Ltd (wholly owned)		
Investment in shares, cost	10	10
Advances	577,331	313,220
Accumulated deficit in earnings	(550,694)	(255,590)
	<u>26,647</u>	<u>57,640</u>
Dunne-Za Economic Development Corporation (wholly owned)		
Investment in shares, cost	100	100
Accumulated deficit in earnings	(100)	(15,941)
	<u>-</u>	<u>(15,841)</u>

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

4. Investments in business entities (continued):

	2014	2013
Twin Sisters Native Plants Nursery GP Inc. (50% interest)		
Investment in shares, cost	\$ 10	\$ -
Advances	(10)	-
	-	-
West Moberly First Nations Holdings Inc. (wholly owned)		
Investment in shares, cost	100	100
Advances	4,458,604	3,896,219
Accumulated deficit in earnings	(3,346,309)	(2,881,707)
	1,112,395	1,014,612
West Moberly First Nations Investments Inc. (wholly owned)		
Investment in shares, cost	100	100
Advances	586,278	456,326
Accumulated equity in earnings	212,510	103,995
	798,888	560,421
West Moberly Indigiinet Internet Services Inc. (50% interest)		
Investment in shares, cost	10	10
Advances	230,998	230,998
Accumulated deficit in earnings	(95,545)	(91,552)
	135,463	139,456
	\$ 2,073,393	\$ 1,860,685

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

4. Investments in business entities (continued):

Advances to GBE's are unsecured, non-interest bearing and have no stated terms of repayment.

Twin Sisters Native Plants Nursery GP Inc. was incorporated April 11, 2013 under the British Columbia Business Corporations Act.

The fiscal years of the GBEs are March 31 and the financial information provided in note 4 (a)(ii) is as at and for the periods ended March 31, 2014.

ii) Financial information for the incorporated entities is summarized as follows:

5 Star Energy Services Inc. (50% interest)	2014	2013
Balance sheet information:		
Assets	\$ 1,586,370	\$ 1,593,804
Liabilities	29,078	34,269
Shareholders' equity	1,557,292	1,559,535
Results of operations		
Revenue	-	-
Expenses	2,243	4,445
Net earnings	(2,243)	(4,445)
0924958 B.C. Ltd (wholly owned)	2014	2013
Balance sheet information:		
Assets	\$ 4	\$ 4
Liabilities	-	-
Shareholder's equity	4	4
Results of operations:		
Revenue	-	-
Expenses	-	-
Net earnings	-	-

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

4. Investments in business entities (continued):

0944996 B.C. Ltd (wholly owned)	2014	2013
Balance sheet information:		
Assets	\$ 41,416	\$ 67,815
Liabilities	595,154	326,449
Shareholder's equity	(553,738)	(258,634)
Results of operations:		
Revenue	136,296	104,824
Expenses	431,400	363,468
Net earnings	(295,104)	(258,644)
Dunne-Za Economic Development Corporation (wholly owned)	2014	2013
Balance sheet information:		
Assets	\$ 825	\$ 2,224
Liabilities	20,930	18,065
Shareholder's equity	20,105	15,841
Results of operations:		
Revenue	-	394
Expenses	4,264	2,731
Net earnings	(4,264)	(2,337)
Twin Sisters Native Plants Nursery GP Inc. (50% interest)	2014	2013
Balance sheet information:		
Assets	\$ 20	\$ -
Liabilities	-	-
Shareholder's equity	20	-
Results of operations:		
Revenue	-	-
Expenses	-	-
Net earnings	-	-

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

4. Investments in business entities (continued):

West Moberly First Nations Holdings Inc. (wholly owned)	2014	2013
Balance sheet information:		
Assets	\$ 2,400,499	\$ 2,400,688
Liabilities	5,755,529	5,291,116
Shareholder's equity	(3,355,030)	(2,890,428)
Results of operations:		
Revenue	173,531	147,613
Expenses	638,133	520,329
Net earnings	(464,602)	(372,716)
West Moberly First Nations Investments Inc. (wholly owned)	2014	2013
Balance sheet information:		
Assets	\$ 2,723,471	\$ 2,717,362
Liabilities	2,629,510	2,731,917
Shareholders' equity	93,961	(14,555)
Results of operations:		
Revenue	492,634	508,836
Expenses	384,118	514,784
Net earnings	108,516	(5,984)
West Moberly Indigiinet Internet Services Inc. (50% interest)	2014	2013
Balance sheet information:		
Assets	\$ 132,906	\$ 137,996
Liabilities	17,474	321,101
Shareholders' equity	115,432	(183,105)
Results of operations:		
Revenue	66,781	61,660
Expenses	74,767	61,660
Net earnings	(7,986)	-

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

4. Investments in business entities (continued):

(b) Government business partnerships (GBP):

i) The First Nations' investment in GBP's consists of the following:

	2014	2013
Black Diamond Cygnus Limited Partnership (50% interest)		
Units	\$ 500	\$ 500
Advances	(500)	(500)
Distributions	(1,068,834)	-
Accumulated equity in earnings	1,486,000	790,000
	417,166	790,000
Dunne-Za Ventures Limited Partnership (99.9% interest)		
Units	999	999
Accumulated deficit in earnings	(999)	1,224,655
	-	1,225,654
EBA Developments Limited Partnership (33.33% interest)		
Advances	266,667	266,667
Six Nations Ventures Limited Partnership (16.67% interest)		
Accumulated equity in earnings	357,989	287,466
Three Nations Ventures Limited Partnership (33.33% interest)		
Accumulated equity in earnings	240,791	286,249
Twin Sisters Native Plants Nursery Limited Partnership (49.9% interest)		
Units	10	-
Advances	18,084	-
Accumulated equity in earnings	63,310	-
	81,404	-
	\$ 1,364,017	\$ 2,856,036

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

4. Investments in business entities (continued):

Advances to and from GBP's are unsecured, non-interest bearing and have no stated terms of repayment.

The fiscal year ends of Black Diamond Cygnus Limited Partnership, Six Nations Ventures Limited Partnership and Three Nations Ventures Limited Partnership are December 31 and the financial information provided in note 4(b)(ii) are as at and for the periods ended December 31.

The fiscal year ends of Dunne-Za Ventures Limited Partnership and EBA Developments Limited Partnership are March 31 and the financial information provided in note 4(b)(ii) are as at and for the period ended March 31.

ii) Financial information relating to the First Nations' GBP investments is as follows:

Black Diamond Cygnus Limited Partnership (50% interest)	2014	2013
Balance sheet information:		
Assets	\$ 5,903,000	\$ 5,132,000
Liabilities	5,105,000	3,549,000
Partners' equity	798,000	1,583,000
Results of operations:		
Revenue	13,962,000	17,304,000
Expenses	12,570,000	16,143,000
Net earnings	1,392,000	1,161,000
Dunne-Za Ventures Limited Partnership (99.9% interest)	2014	2013
Balance sheet information:		
Assets	\$ 3,414,468	\$ 5,857,870
Liabilities	9,689,913	4,630,920
Partners' equity	(6,275,445)	1,226,950
Results of operations:		
Revenue	14,033,139	16,814,269
Expenses	21,535,534	16,420,336
Net earnings	(7,502,395)	393,933

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

4. Investments in business entities (continued):

EBA Developments Limited Partnership (33.33% interest)	2014	2013
--	------	------

Balance sheet information:

Assets	\$ 800,000	\$ 800,000
Liabilities	-	-
Partners' equity	-	-

Results of operations:

Revenue	-	-
Expenses	-	-
Net earnings	-	-

Six Nations Ventures Limited Partnership (16.67% interest)	2014	2013
--	------	------

Balance sheet information:

Assets	\$ 2,293,927	\$ 2,183,028
Liabilities	152,653	463,922
Partners' equity	2,141,274	1,719,106

Results of operations:

Revenue	2,710,165	1,910,472
Expenses	2,287,026	1,669,378
Net earnings	423,139	241,094

Three Nations Ventures Limited Partnership (33.33% interest)	2014	2013
--	------	------

Balance sheet information:

Assets	\$ 745,250	\$ 965,195
Liabilities	27,256	110,565
Partners' equity	717,994	854,630

Results of operations:

Revenue	997,799	2,953,451
Expenses	1,134,174	4,232,960
Net earnings	(136,375)	(1,279,509)

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

4. Investments in business entities (continued):

Twin Sisters Native Plants Nursery Limited Partnership (49.9% interest)		2014	2013
Balance sheet information:			
Assets	\$	194,666	\$ -
Liabilities		68,045	-
Partners' equity		126,620	-
Results of operations:			
Revenue		184,916	-
Expenses		58,296	-
Net earnings		126,620	-

5. Tangible capital assets:

Cost	Balance at March 31, 2013	Additions	Disposals	Balance at March 31, 2014
Building	\$ 6,561,507	\$ 279,359	\$ -	\$ 6,840,866
Furniture and fixtures	167,458	32,616	-	200,074
Vehicles	303,800	-	-	303,800
Computer	88,030	-	-	88,030
Total	\$ 7,120,795	\$ 311,975	\$ -	\$ 7,432,770

Accumulated amortization	Balance at March 31, 2013	Disposals	Amortization expense	Balance at March 31, 2014
Building	\$ 1,722,842	\$ -	\$ 192,236	\$ 1,915,078
Furniture and fixtures	63,452	-	27,324	90,777
Vehicles	189,242	-	34,367	223,609
Computer	71,716	-	8,978	80,694
Total	2,047,252	-	262,905	2,310,158

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

5. Tangible capital assets (continued):

	Net book value March 31, 2013			Net book value March 31, 2014
Building	4,838,665	-	-	4,925,788
Furniture and fixtures	104,006	-	-	109,298
Vehicles	114,557	-	-	80,190
Computer	16,314	-	-	7,336
Total	\$ 5,073,542	\$ -	\$ -	\$ 5,122,612

6. Deferred revenue:

	2014	2013
Aboriginal Affairs and Northern Development Canada	\$ 130,153	\$ 171,011
BC Hydro	63,416	-
BC Oil and Gas Commission	141,628	-
BC Environment Assessment Office	40,000	-
BC Utilities Commission	-	28,811
Coastal Gas Link Pipeline	253,899	-
First Nations Health Authority	734,737	-
Gething Cultural study	134,138	138,809
Other	327,922	-
Peace River Coal	234,388	134,439
Prince Rupert Gas	311,983	-
Province of BC	45,000	40,000
Tera Environmental Consultants	89,422	-
Treaty 8 Tribal Association	94,986	-
Water Canadian Coal	-	80,000
	\$ 2,601,672	\$ 593,070

7. Treaty loan payable:

The treaty loan payable to Aboriginal Affairs and Northern Development Canada at March 31, 2014 was \$2,923,310 (2013 - \$2,712,120) and is repayable on the earlier of March 31, 2018 or the date on which the claim is settled. The loan is interest free unless the First Nations defaults or the loan reaches maturity upon which interest is charged on unpaid balances.

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

8. Loans payable:

	2014	2013
All Nations Trust Company		
Mortgages, secured by first mortgages over properties with a total net book value of \$2,578,821 and the Ministerial Guarantee from AANDC, repayable in total monthly instalments of \$10,553 including interest ranging from 1.67% to 2.67%, maturing 2023 to 2036.	\$ 1,741,929	\$ 1,758,851
CIBC		
Mortgage, secured by first mortgage over property with net book value of \$32,096 and the Ministerial Guarantee from AANDC, repayable in monthly installments of \$495 including interest of 6.7%, maturing in 2025.	48,030	50,741
Roynat Lease Finance		
Office complex financing, secured by the modular admin office with net book value of \$533,736, repayable in monthly instalments of \$9,864 including interest of 5.9%, maturing in 2018.	405,204	496,510
Scotiabank		
Mortgages, secured by first mortgages over properties with a total net book value of \$671,278 and the Ministerial Guarantee from AANDC, repayable in total monthly instalments of \$5,369 including interest ranging from 3.74% to 4.34%, maturing 2027 to 2038.	781,223	813,488
Scotiabank		
Equipment financing, secured by the equipment with net book value of \$71,825, repayable in monthly instalments of \$5,255 monthly, including interest of prime + 1.25%, maturing July 2014	20,911	81,638
Treaty 8 Heritage Trust		
Loan, repayable in annual instalments of \$100,000. Final payment of \$88,859 scheduled for 2015.	81,894	166,667
	\$ 3,079,191	\$ 3,367,895

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

8. Loans payable (continued):

The Treaty 8 Heritage Trust loan arose from the purchase of property held in EBA Developments Limited Partnership. Repayment of the loan is made by reducing funding from Treaty 8 Heritage Trust.

Scheduled principal repayments over the next five years are estimated as follows:

2015	\$	249,509
2016		235,316
2017		245,039
2018		235,475
2019		143,159
Thereafter		1,970,693
	\$	3,079,191

9. CMHC replacement reserves:

Under the terms of the agreement with CMHC, the First Nations is required to make annual deposits equal to required contributions to a replacement reserve account. These funds, along with accumulating interest, are to be held in a separate bank account. The funds in this account may only be used as approved by CMHC. Withdrawals are credited to accumulated interest first and then principal.

Under agreements with CMHC, the First Nations may also establish an operating reserve to fund the ongoing operating costs of the rental housing project financed by CMHC. Required contributions to the operating reserve are equal to the amount by which revenues for the year from the CMHC rental housing project exceed all costs and expenditures incurred during the year related to the CMHC rental housing project.

	2014		2013	
	Replacement	Operating		Restated (note 10(a))
Balance, beginning of the year \$	170,096 \$	288,154 \$	458,250 \$	388,546
Allocation for the year	21,939	112,810	134,749	69,704
Balance, end of year	\$ 192,035 \$	400,964 \$	592,999 \$	458,250

The operating reserve is underfunded by \$308,391 (2013 - \$173,781).

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

10. Accumulated surplus:

Surplus (deficit) is as follows:

	2014	2013 Restated (note 10(a))
Unrestricted equity (deficit) in funds	\$ (169,193)	\$ 757,807
Invested in tangible capital assets	2,043,420	1,705,646
Equity in enterprise funds	3,641,702	4,716,721
Equity in trust funds	39,932	38,378
CMHC replacement reserve (note 9)	592,999	458,250
	<u>\$ 6,148,860</u>	<u>\$ 7,676,802</u>

(a) Correction of an error:

Accumulated surplus as at March 31, 2013 and April 1, 2012 have been restated to reflect the following corrections:

i) Replacement reserve:

The balance of the CMHC replacement reserve has been restated by \$170,096 as of March 31, 2013 (April 1, 2012 - \$147,294) to reflect a reclassification of this reserve to accumulated surplus from a liability. In 2013, \$288,154 (2012 - \$245,900) was also reallocated within accumulated surplus from unrestricted equity in funds to CMHC replacement reserve.

The net change in accumulated surplus as at April 1, 2012 and March 31, 2013 is as follows:

Accumulated surplus, April 1, 2012:	
As previously reported	\$ 8,558,290
Restatement, replacement reserve	147,294
As restated, April 1, 2012	<u>8,705,584</u>
Accumulated surplus, March 31, 2013	
As previously reported	7,506,706
Restatement, replacement reserve	170,096
As restated, March 31, 2013	<u>\$ 7,676,802</u>

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

11. Invested in tangible capital assets:

(a) Change in invested in tangible capital assets:

	2014	2013
Balance, beginning of year	\$ 1,705,646	\$ 1,655,370
Acquisition of tangible capital assets	311,975	1,236,664
Proceeds from long-term debt	(74,260)	(1,273,033)
Repayment of long term debt	362,964	314,768
Amortization of tangible capital assets	(262,905)	(228,123)
Balance, end of year	\$ 2,043,420	\$ 1,705,646

12. Externally restricted surplus:

	Beginning balance	Contributions	Interest	Approved transfers	Ending balance
Ottawa Trust					
Fund	\$ 38,378	\$ -	\$ 1,554	\$ -	\$ 39,932

The Trust accounts 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. These funds are restricted in their use, of which the First Nations is generally permitted to use for a purpose that will promote the general progress and welfare of the First Nations and First Nations members. The management of the funds is primarily governed by the sections of the Indian Act.

13. Health and Welfare Canada:

	2014	2013
First Nations Health Authority	\$ 245,438	\$ 52,415
First Nations and Inuit Health Branch	698,086	-
Funding deferred for Health Centre project (not completed at year-end)	(632,095)	-
	\$ 311,429	\$ 52,415

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

13. Health and Welfare Canada (continued):

During the year a three-party novation agreement was signed between Health Canada's First Nations and Inuit Health Branch ("FNIHB"), the First Nations Health Authority ("FNHA") and the Nations in order to transfer responsibility for contribution agreements to FNHA from FNIHB. As of October 1, 2013 FNHA took over payments of cash-flow funding to the Nations. The table above provides a breakdown of the pre- and post-novation revenue.

14. Related party transactions:

Transactions with GBE's and GBP's (note 4) for the year ended March 31, 2014, included the following:

During the year ended March 31, 2014, the First Nations received equipment rent revenue of \$18,120 from 0944996 B.C. Ltd and \$63,066 from West Moberly First Nations Holdings Inc.

During the year ended March 31, 2014, The First Nations received rent revenue of \$18,000 from Three Nations Ventures LP.

During the year ended March 31, 2014, the First Nations received revenue of \$144,754 from 0944996 B.C. Ltd and \$175,812 from West Moberly First Nations Holdings Inc. for contracting out its employees to the GBE's.

During the year ended March 31, 2014, the First Nations received service revenue of \$97,671 (2013 - \$209,410) from Dunne-Za Ventures LP.

During the year ended March 31, 2014, the First Nations received donations of \$4,000 from Six Nations Ventures LP and \$4,000 from Three Nations Ventures LP.

During the year ended March 31, 2014, the First Nations received \$140,584 from Black Diamond for services. The First Nations also received partner distributions from Black Diamond of \$337,411 for the current fiscal year and \$731,423 for previous fiscal years where cash distributions had previously been withheld. These distributions are included in West Moberly First Nations' accounts receivable for a total of \$1,068,834 at March 31, 2014.

During the year ended March 31, 2014, 0924958 B.C. Ltd received \$292,605 (2013 - \$261,478) in revenue that was recorded as Other Revenue.

These transactions are in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

15. Commitments and contingencies:

- (a) Subsequent to year end, the First Nations has provided a guarantee and postponement of claim to Twin Sisters Plant Nursery Development, a related entity, for its debt. At March 31, 2014, the balance of this debt was \$18,094 (2013 - nil)
- (b) In the normal course of its operations, the First Nations becomes involved in legal actions as plaintiffs or defendants. In some of these legal actions, potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on First Nations' financial statements.

16. Financial risks and concentration of risk:

- (a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The First Nations is exposed to credit risk with respect to the accounts receivable and short-term investments. The First Nations assesses on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the First Nations at March 31, 2014 is the carrying value of these assets. The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. There have been no significant changes to the credit risk exposure from 2013.

- (b) Liquidity risk:

Liquidity risk is the risk that the Council will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The First Nations manages its liquidity risk by monitoring its operating requirements. The contractual maturities of loan payable is disclosed in note 9. There have been no significant changes to the liquidity risk exposure from 2013.

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

16. Financial risks and concentration of risk: (continued):

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. Financial assets and financial liabilities with variable interest rates expose the First Nations to cash flow interest rate risk. The First Nations is exposed to this risk through to its interest bearing its loan payables. There has been no change to the interest rate risk exposure from 2013.

17. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

18. Subsequent events:

- i) Subsequent to year end, the First Nations provided a \$750,000 loan to Dunne-za Ventures Limited Partnership on an unsecured basis. The loan bears interest at 10% and is due on demand.

19. Segmented information:

Segmented information has been identified based upon lines of service provided by the First Nations. Services are provided by controlled Societies, departments and their activities which are reported by functional in the body of the financial statements. Certain lines of services that have been separately disclosed are summarized below, with activity for the year ended March 31, 2014 summarized in Schedule 2.

(a) Band Administration

Band Administration provides the function of corporate administration, finance, human resources and any other legal function not categorized to a specific department.

(b) Capital

Capital provides the function of maintaining parks and lands.

(c) Chief and Council

Chief and Council encompasses the costs and services provided by Chief and Council to the First Nations.

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

19. Segmented information (continued):

(d) Community Operations

Community Operations delivers necessary services and amenities to West Moberly First Nations' residents.

(e) Culture

Culture operates natural and cultural resource related projects.

(f) Dakki Centre

Dakki Centre provides multi-age child care programs to meet the needs of working parents, while emphasising holistic child development focused towards aboriginal traditions.

(g) Dunne-za Lodge

Dunne-za Lodge provides cabin rentals for temporary accommodations and a lodge facility to host meetings and community gatherings.

(h) Economic Development

Economic Development provides costs and services related to the maintenance and development of West Moberly First Nations' infrastructure.

(i) Education

Education is responsible for administering and facilitating educational programs, post secondary education support and the operations of various other community education programs. Education manages all fund received from AANDC pertaining to students from pre-school to post-secondary.

(j) Health

Health is responsible for improving and maintaining health, lifestyle and wellness in the First Nations.

(k) Housing

Housing includes revenue and expenses related to rental housing units owned or managed on behalf of other by the First Nations.

WEST MOBERLY FIRST NATIONS

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

19. Segmented information (continued):

(l) Lands

Lands includes revenue and expenses to maintain the First Nations' land, building and infrastructure.

(m) Social Development

Social development offers a broad range of social services to First Nations members.

(n) Specific Claims

Specific Claims deals with the past grievances of First Nations related to Canada's obligations under historic treaties or the way First Nations assets were managed. The government of Canada has loaned West Moberly First Nations funds to aid in negotiations relating to Agriculture, Treaty Land Entitlement, and Trapline Registration claims.

(o) Specific Claims - Western Boundary

Specific Claims deals with the past grievances of First Nations related to Canada's obligations under historic treaties or the way First Nations assets were managed. The government of Canada has loaned West Moberly First Nations funds to aid in negotiations relating to the Nations' West Boundary.

WEST MOBERLY FIRST NATIONS

Schedule 1 - Consolidated Expenses by Object

Year ended March 31, 2014, with comparative information for 2013

	2014	2013 Restated (note 10(a))
Administration fees	\$ 2,770	\$ (1,711)
Advances to related business entities	-	1,000,405
Advertising	15,168	11,588
Amortization	262,905	228,123
Bad Debt	234,875	-
Bank charges and interest	17,477	15,308
Christmas	108,295	103,207
Concession purchases	47,139	36,296
Contractors and consultants	1,280,664	434,543
Daycare	3,455	-
Donations	19,510	18,530
Elders	79,487	107,422
Equipment rentals	43,725	86,581
Freight	4,882	14,633
Honorarium	155,678	109,184
Infrastructure	25,891	12,404
Insurance	62,932	93,725
Interest on long-term obligations	112,897	72,912
Meetings	17,878	37,770
Office	146,427	265,944
Permits, licenses and memberships	8,752	13,225
Prizes and gifts	22,192	54,544
Professional fees	788,682	1,091,574
Repairs and maintenance	7,035	62,429
Research and negotiations	134,128	249,927
School fees and supplies	39,653	24,681
Signing bonus	18,927	61,626
Social development	137,219	157,725
Student allowances	71,482	84,673
Supplies	170,496	264,292
Training	20,536	22,831
Travel	269,536	315,687
Tuition fees	33,298	29,521
Utilities	78,116	78,566
Vehicle expenses	35,144	135,675
Wages and employee benefits	2,791,949	2,038,599
Water hauling and delivery	-	326,977
Youth activities	11,327	27,214
	\$ 7,280,527	\$ 7,686,630

WEST MOBERLY FIRST NATIONS

Schedule 2 - Segmented Information

Year ended March 31, 2014, with comparative information for 2013

Year ended March 31, 2014						
	Revenue				Financial Surplus (Deficit)	
	AANDC	Other	Total	Expenses	March 31, 2014	
Administration	\$ 291,565	\$ 567,214	\$ 858,779	\$ 1,281,048	\$ (422,269)	
Capital Projects	141,747	42,984	184,731	335,407	(150,676)	
Chief and Council	-	1,870,543	1,870,543	1,391,360	479,183	
Community Operations	304,609	5,398	310,007	417,801	(107,794)	
Culture	-	40,462	40,462	54,333	(13,871)	
Dakki Centre	-	127,600	127,600	217,839	(90,239)	
Dunne-za Lodge	-	45,401	45,401	57,283	(11,882)	
Economic Development	132,531	317,715	450,246	486,853	(36,607)	
Education	115,864	89,171	205,035	223,673	(18,638)	
Health	-	357,530	357,530	384,705	(27,175)	
Housing	-	353,663	353,663	325,048	28,615	
Lands	-	1,842,366	1,842,366	1,506,100	336,266	
Social Development	180,850	-	180,850	189,540	(8,690)	
Specific Claims	-	-	-	329,542	(329,542)	
Western Boundary	-	391	391	79,995	(79,604)	
	\$ 1,167,166	\$ 5,660,438	\$ 6,827,604	\$ 7,280,527	\$ (452,923)	

Year ended March 31, 2013						
	Revenue				Financial Surplus (Deficit)	
	AANDC	Other	Total	Expenses	March 31, 2013	
Administration	\$ 236,406	\$ 258,141	\$ 494,547	\$ 860,970	\$ (366,423)	
Capital Projects	148,251	-	148,251	271,827	(123,576)	
Chief and Council	-	2,793,093	2,793,093	2,431,388	361,705	
Community Operations	405,566	1,204	406,770	614,417	(207,647)	
Culture	-	22,500	22,500	67,534	(45,034)	
Dakki Centre	-	188,947	188,947	199,724	(10,777)	
Dunne-Za Lodge	-	54,592	54,592	128,224	(73,632)	
Economic Development	76,301	85,899	162,200	224,246	(62,046)	
Education	119,694	96,129	215,823	223,304	(7,481)	
Health	-	129,015	129,015	466,837	(337,822)	
Housing	-	360,614	360,614	262,349	98,265	
Lands	-	912,885	912,885	1,077,384	(164,499)	
Social Development	207,049	-	207,049	207,390	(341)	
Specific Claims	-	(59,910)	(59,910)	603,761	(663,671)	
Western Boundary	-	-	-	46,875	(46,875)	
	\$ 1,193,267	\$ 4,843,109	\$ 6,036,376	\$ 7,686,230	\$ (1,649,854)	