

**West Moberly First Nations
Consolidated Financial Statements
March 31, 2018**

West Moberly First Nations

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

The financial statements have been audited by Doyle & Company in accordance with Canadian auditing standards on behalf of the members. Doyle & Company have full and free access to the Council.

Original Signed By Chief

Original Signed By Councillor

Original Signed By Councillor

Original Signed By Councillor

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INDEPENDENT AUDITORS' REPORT

To the Chief and Council

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the **West Moberly First Nations**, which comprise the statement of financial position as at March 31, 2018 and the statements of financial activities, change in net financial assets, statement of cash flows, tangible capital assets and statement of expenditures by object for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

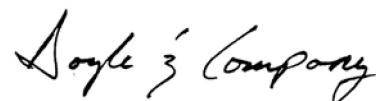
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the West Moberly First Nations as at March 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

November 6, 2018
Edmonton, Alberta



Chartered Professional Accountants

West Moberly First Nations
Consolidated Statement of Financial Position
As at March 31, 2018

	2018 \$	2017 \$
FINANCIAL ASSETS		
Cash	3,789,467	2,818,586
Restricted cash (Note 4)	584,151	553,619
Investments (Note 5)	6,806,471	2,420,899
Accounts receivable (Note 6)	577,954	1,233,798
Investment in First Nation Controlled Entities (Note 7)	4,134,190	4,294,098
	15,892,233	11,321,000
LIABILITIES		
Accounts payable (Note 8)	827,064	646,495
Deferred contributions (Note 9)	3,798,694	3,115,701
Treaty loan payable (Note 10)	2,938,810	3,440,310
Long-term liabilities (Note 11)	3,206,784	3,331,774
Obligations under capital lease (Note 12)	116,355	255,831
Replacement reserve (Note 13)	540,678	511,088
	11,428,385	11,301,199
NET FINANCIAL ASSETS	4,463,848	19,801
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	10,983,787	10,174,885
Inventory for consumption	7,927	39,473
Prepaid expenses	14,018	21,135
	11,005,732	10,235,493
ACCUMULATED SURPLUS (Schedule 1 and Note 17)	15,469,580	10,255,294

Approved by the First Nations:

Original Signed By Chief

Original Signed By Councillor

Original Signed By Councillor

Original Signed By Councillor

West Moberly First Nations
Consolidated Statement of Financial Activities
For the year ended March 31, 2018

	2018 Budget \$	2018 Actual \$	2017 Actual \$
REVENUE			
Indigenous Services Canada	-	1,299,396	1,821,174
Indigenous Services Canada - Agricultural Benefits Trust	-	14,120,218	-
Health Canada	377,060	1,377,060	349,391
Canada Mortgage and Housing Corporation	-	194,196	93,182
Treaty 8 Heritage Trust	-	300,000	400,000
Oil and Gas Commission	-	814,930	600,000
Industrial contracts	-	2,879,147	2,406,516
Interest income	-	20,719	23,414
Other revenue	-	3,554,913	4,025,766
Revenue deferred from previous period	-	3,115,701	2,287,453
Revenue deferred to subsequent period	-	(3,798,694)	(3,115,701)
	377,060	23,877,586	8,891,195
EXPENDITURES			
Administration	-	694,970	659,398
Capital Projects	-	449,811	443,404
Chief and Council	-	1,998,597	1,871,341
Community Operations	-	458,713	319,910
Culture	-	77,673	56,932
Dakki Centre	-	244,247	213,170
Dunne-za Lodge	-	35,896	39,777
Economic Development	-	414,123	273,484
Education	-	416,671	467,541
Health - First Nations Health Authority	377,060	423,080	348,857
Health - Other	-	122,186	114,854
Housing	-	314,150	187,695
Lands	-	1,382,634	1,679,068
Social Development	-	127,561	156,018
Specific Claims - Agriculture Benefits	-	9,405,822	294,355
Specific Claims - Trapline	-	6,047	-
Specific Claims - Treaty Land Entitlement	-	109,731	-
Specific Claims - Western Boundary	-	255,227	1,268
0944996 BC Ltd - Golf Course	-	328,406	376,352
West Moberly First Nation Holdings Inc.	-	700,020	950,620
	377,060	17,965,565	8,454,044
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER REVENUE (EXPENDITURES)			
	-	5,912,021	437,151
OTHER REVENUE (EXPENDITURES)			
Amortization	-	(538,779)	(494,172)
EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES			
	-	5,373,242	(57,021)

The accompanying notes form part of these financial statements.

West Moberly First Nations
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2018

	2018 \$	2017 \$
EXCESS OF REVENUES OVER EXPENDITURES	5,216,088	(482,761)
Acquisition of tangible capital assets	(1,347,681)	(887,639)
Amortization of tangible capital assets	538,779	494,172
Advances to controlled entities	(1,813)	25,087
	(810,715)	(368,380)
Acquisition of supplies inventories	(7,916)	(39,484)
Acquisition of prepaid assets	(14,018)	(21,135)
Use of supplies inventories	39,473	39,979
Use of prepaid assets	21,135	12,810
	38,674	(7,830)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	4,444,047	(858,971)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	19,801	878,772
NET FINANCIAL ASSETS, END OF YEAR	4,463,848	19,801

West Moberly First Nations
Consolidated Statement of Cash Flows
For the year ended March 31, 2018

	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and other income	25,216,423	9,687,815
Cash paid to suppliers and employees	(18,759,449)	(8,694,652)
	6,456,974	993,163
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances from (to) business entities	(1,813)	25,087
Increase (decrease) in investments	(4,385,572)	893,320
Increase (decrease) in replacement reserve	29,590	(44,800)
Increase in trust funds	(30,532)	5,069
Repayment (issuance) of promissory note	-	119,868
Purchase of capital assets	(1,347,681)	(887,639)
	(5,736,008)	110,905
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital lease obligation	(139,476)	(151,263)
Increase (decrease) in treaty loans payable	(501,500)	196,000
Long-term liabilities repaid	(264,466)	(298,355)
Increase in long-term liabilities	277,029	160,000
	(628,413)	(93,618)
INCREASE IN CASH DURING THE YEAR	92,553	1,010,450
CASH, Beginning of Year	4,281,065	3,270,615
CASH, End of Year	4,373,618	4,281,065
Cash is represented by:		
Cash	3,789,467	2,818,586
Restricted cash (Note 4)	584,151	553,619
	4,373,618	3,372,205

West Moberly First Nations
Schedule of Changes in Accumulated Surplus - Schedule 1
For the year ended March 31, 2018

	Unrestricted Surplus \$	Equity in Tangible Capital Assets \$	Equity in Enterprise Fund \$	Equity in Trust Funds \$	2018 \$	2017 \$
BALANCE, Beginning of Year	(668,614)	6,587,280	4,294,108	42,531	10,255,305	10,712,979
Excess of revenue over expenditures	5,373,242	-	(158,096)	942	5,216,088	(482,761)
Current funds advanced to (from) subsidiaries	-	-	(1,813)	-	(1,813)	25,087
Current funds used for tangible capital assets	(1,347,681)	1,347,681	-	-	-	-
Annual amortization expense	538,779	(538,779)	-	-	-	-
Long-term liabilities repaid	(264,466)	264,466	-	-	-	-
Change in accumulated surplus	4,299,874	1,073,368	(159,909)	942	5,214,275	(457,674)
BALANCE, End of Year	3,631,260	7,660,648	4,134,199	43,473	15,469,580	10,255,305

The accompanying notes form part of these financial statements.

West Moberly First Nations
Consolidated Statement of Tangible Capital Assets - Schedule 2
For the year ended March 31, 2018

	Land	Capital Lease	Automotive	Buildings	Computers	Equipment	2018 \$	2017 \$
COST:								
Balance, Beginning of Year	1,741,894	792,175	734,217	9,935,863	103,026	1,008,760	14,315,935	13,428,296
Acquisition of tangible capital assets	-	-	75,403	1,263,222	-	9,056	1,347,681	887,639
Balance, End of Year	1,741,894	792,175	809,620	11,199,085	103,026	1,017,816	15,663,616	14,315,935
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	189,038	433,546	2,695,629	98,478	724,359	4,141,050	3,646,878
Annual amortization	-	55,686	102,090	321,071	4,548	55,384	538,779	494,172
Balance, End of Year	-	244,724	535,636	3,016,700	103,026	779,743	4,679,829	4,141,050
NET BOOK VALUE	1,741,894	547,451	273,984	8,182,385	-	238,073	10,983,787	10,174,885

The accompanying notes form part of these financial statements.

West Moberly First Nations
Consolidated Statement of Financial Activities by Program - Schedule 3
For the year ended March 31, 2018

	ISC Revenue \$	Other Revenue \$	Total Revenue \$	2018	2017
				Total Expenditures \$	Surplus (Deficit) \$
Administration	280,805	392,698	673,503	694,970	(21,467)
Capital Projects (net of recovery)	(24,909)	474,720	449,811	449,811	-
Chief and Council	-	3,150,905	3,150,905	1,998,597	1,152,308
Community Operations	314,285	6,275	320,560	458,713	(138,153)
Culture	5,000	46,612	51,612	77,673	(26,061)
Dakii Centre	-	124,421	124,421	244,247	(119,826)
Dunne-za Lodge	-	42,420	42,420	35,896	6,524
Economic Development	255,864	47,477	303,341	414,123	(110,782)
Education	135,654	142,459	278,113	416,671	(138,558)
Health - First Nations Health Authority	-	397,986	397,986	423,080	(25,094)
Health - Other	-	1,126,516	1,126,516	122,186	1,004,330
Housing	-	479,554	479,554	314,150	165,404
Lands	73,679	1,260,820	1,334,499	1,382,634	(48,135)
Social Development	184,018	928	184,946	127,561	57,385
Specific Claims - Agriculture Benefits	14,120,218	37,853	14,158,071	9,405,822	4,752,249
Specific Claims - Trapline	-	-	-	6,047	(6,047)
Specific Claims - Treaty Land Entitlement	75,000	-	75,000	109,731	(34,731)
Specific Claims - Western Boundary	-	-	-	255,227	(255,227)
0944996 BC Ltd - Golf Course	-	182,709	182,709	328,406	(145,697)
West Moberly First Nation Holdings Inc.	-	543,620	543,620	700,020	(156,400)
	15,419,614	8,457,973	23,877,587	17,965,565	5,912,022
					437,151

The accompanying notes form part of these financial statements.

West Moberly First Nations
Consolidated Statement of Expenditures by Object - Schedule 4
For the year ended March 31, 2018

	2018 \$	2017 \$
EXPENDITURES		
Advertising	9,049	6,525
Bad debts	6,567	16,662
Bank charges and penalties	133,558	134,941
Concession purchases	50,213	57,877
Christmas	127,355	91,150
Donations	24,018	16,950
Freight	3,084	4,909
Honorarium	102,995	461,267
Insurance	128,805	107,544
Meetings	16,255	10,462
Office	362,430	286,090
Professional and contract fees	2,796,325	2,276,842
Program costs	10,055,231	730,208
Property Taxes	12,674	10,121
Rental	176,905	219,640
Repairs and maintenance	156,864	243,598
Supplies	140,588	212,295
Training	20,573	68,800
Travel	274,172	221,655
Utilities	102,950	104,115
Vehicle	172,984	202,962
Wages and employee benefits	3,091,970	2,969,431
TOTAL EXPENDITURES	17,965,565	8,454,044

West Moberly First Nations

Notes to the Consolidated Financial Statements

March 31, 2018

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 Nation") 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 Audit Boards ("PSAB"), which encompasses the following principles:

(a) Fund Accounting

The West Moberly 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 amalgamated for the purpose of presentation in the financial statements. Details of the operations of each fund are set out in the supplementary schedules. The West Moberly First Nations maintains the following funds:

- The Operating Fund which reports the general activities of the First Nations Administration.
- The Capital Asset Fund which reports the capital assets of the First Nations, together with their related financing.
- The Enterprise Fund which reports the investment made in controlled entities.
- The Trust Fund which reports on trust funds owned by the First Nations and held by third parties.

(b) Reporting Entity and Principles of Financial Reporting

The West Moberly 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, controlled or have significant influence by the First Nations and which are not dependent on the First Nations for their continuing operations are included in the summary financial statements using the modified equity method. These include:

- Dunne-za Economic Development Corporation
- Dunne-za Ventures Limited Partnership
- West Moberly First Nations Holdings Inc.
- West Moberly First Nations Investments Inc.
- West Moberly Indigiinet Internet Service Inc.
- 5 Star Energy Services Inc.
- Black Diamond Cygnus Limited Partnership
- Three Nations Ventures
- Six Nations Ventures

West Moberly First Nations
Notes to the Consolidated Financial Statements
March 31, 2018

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

(b) Reporting Entity and Principles of Financial Reporting - continued

Three other Government Organizations, which are controlled by the First Nation, are included in the financial statements using the consolidation method. Under the consolidation method, the assets, liabilities, revenue and expenses of the those organizations have been consolidated and all inter-company balances have been eliminated on consolidation. Those Organizations are:

- West Moberly First Nation Holdings Inc.
- 0924958 B.C. Ltd.
- West Moberly First Nations Agricultural Benefits Settlement Trust

(c) Cash

Cash and cash equivalents consist of bank accounts and temporary investments with maturities of three months or less.

(d) 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.

(e) 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 normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

(f) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a declining balance basis over the estimated useful life as follows:

	Years
Automotive	3-10
Buildings	25-50
Computers	3-5
Equipment	5-20

Annual amortization is charged in the year of acquisition and not in the year of disposal.

Assets under construction are not amortized until the asset is available for productive use.

West Moberly First Nations
Notes to the Consolidated Financial Statements
March 31, 2018

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

(g) Investments

Investments are recorded at the lower of cost and fair market value.

(h) Inventory Valuation

Inventories are valued at the lower of cost and net realizable value on a first-in first-out basis.

(i) Trust Funds

The Ottawa 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 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.

First Nation trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds.

(j) Financial Instruments

(i) Measurement of financial instruments

The Nation initially measures all of its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Nation subsequently measures all of its financial assets and liabilities at amortized cost, except in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, restricted cash, investments, and accounts receivables.

Financial liabilities measured at amortized cost include accounts payable, deferred contributions, treaty loan payable, long-term liabilities, obligations under capital lease, and replacement reserve.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

2. 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

West Moberly First Nations
Notes to the Consolidated Financial Statements
March 31, 2018

3. ECONOMIC DEPENDENCE

The West Moberly First Nations receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada.

4. RESTRICTED CASH

	2018	2017
	\$	\$
Trust Funds		
Band Capital	2,789	2,789
Band Revenue	40,684	39,742
Canada Mortgage and Housing Corporation	<u>540,678</u>	<u>511,088</u>
	584,151	553,619

5. INVESTMENTS

	2018	2017
	\$	\$
Scotiabank - Guaranteed investment certificate #1	135,450	2,420,899
Scotiawest Management		
Cash	1,500,103	-
Equities	2,896,349	-
Fixed income	<u>2,274,569</u>	<u>-</u>
	6,806,471	2,420,899

Guaranteed investment certificate #1 matures on December 4, 2018 and earns interest at 1.03%.

6. ACCOUNTS RECEIVABLE

	2018	2017
	\$	\$
Indigenous Services Canada	2,250	130,049
Canada Mortgage and Housing Corporation	7,571	7,589
Canada Mortgage and Housing Corporation - Retrofit Contribution	76,065	-
Industrial Agreements	435,543	435,451
Members	32,700	324,811
GST	10,676	100,990
Other	<u>13,149</u>	<u>234,908</u>
	577,954	1,233,798

West Moberly First Nations
Notes to the Consolidated Financial Statements
March 31, 2018

7. INVESTMENTS IN FIRST NATIONS CONTROLLED ENTITIES

	2018	2017
	\$	\$
Dunne-za Economic Development Corporation - 100% interest		
Shares	100	100
Accumulated deficit in earnings	(100)	(100)
	-	-
Dunne-za Ventures Limited Partnership - 99.9% interest		
Units	999	999
Advances	816,225	891,628
Accumulated deficit in earnings	(512,768)	(427,537)
	304,456	465,090
Black Diamond Cygnus Limited Partnership - 50% interest		
Units	500	500
Advances	(500)	(500)
Accumulated surplus in earnings	1,225,000	1,484,000
	1,225,000	1,484,000
West Moberly First Nations Investments Inc. - 100% interest		
Shares	100	100
Advances	1,129,980	1,113,633
Accumulated deficit in earnings	(54,945)	(194,242)
	1,075,135	919,491
West Moberly Indigiinet Internet Service Inc. - 50% interest		
Shares	10	10
Advances	245,247	253,580
Accumulated deficit in earnings	(107,015)	(111,182)
	138,242	142,408
EBA Developments Limited Partnership - 33% interest		
Investment in shares - cost	266,667	266,667
Advances	(40,512)	(36,883)
	226,155	229,784

West Moberly First Nations
Notes to the Consolidated Financial Statements
March 31, 2018

7. INVESTMENTS IN FIRST NATIONS CONTROLLED ENTITIES - continued

Six Nations Ventures Limited Partnership - 16.67% interest

Shares	10	10
Accumulated equity in earnings	<u>464,856</u>	404,436
	464,866	404,446

Twin Sisters Native Plants Nursery Limited Partnership - 49.9% interest

Units	10	10
Advances	<u>348,571</u>	287,699
Accumulated equity in earnings	<u>351,755</u>	361,170
	700,336	648,879

Total investment in controlled entities **4,134,190** 4,294,098

Financial information for each of the entities for their respective 2017/2018 year-ends are as follows:

	Assets	Liabilities	Revenues	Net Earnings (Loss)
	\$	\$	\$	\$
Dunne-za Ventures LP (99.9%)	685,258	1,197,417	320,273	(70,119)
Black Diamond West Moberly LP (50%)	3,788,000	1,334,000	17,420,000	116,000
West Moberly Holdings Inc. (100%)	2,487,373	7,790,746	648,923	(215,830)
West Moberly Investment (100%)	2,755,746	2,810,591	541,398	139,297
0944996 BC Ltd. (100%)	157,307	1,540,041	182,709	(197,641)
WM Indigiinet Internet Service Inc. (50%)	113,412	24,671	60,182	8,333
Six Nations Ventures Inc. (16%)	2,958,065	182,046	2,331,219	362,522
EBA Developments Limited Partnership (33%)	683,645	4,881	17,090	(10,885)
Twin Sisters Native Plants Nursery (49.9%)	1,393,361	689,844	738,438	102,223

8. ACCOUNTS PAYABLE

	2018	2017
	\$	\$
Trade	795,509	611,235
Canada Revenue Agency - source deductions	<u>31,555</u>	35,258
	827,064	646,493

West Moberly First Nations
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9. DEFERRED CONTRIBUTIONS

	2018 \$	2017 \$
Indigenous Services Canada	259,017	766,667
First Nations Health Authority	548,471	496,052
Industrial Agreements	2,991,206	1,852,982
	3,798,694	3,115,701

10. TREATY LOAN PAYABLE - INDIGENOUS SERVICES CANADA

The promissory note due to Indigenous Services Canada is \$2,938,810 (2017 -\$3,440,310) and is repayable on the earlier of March 31, 2022 or the date on which the claim is settled. The promissory note is interest free unless the First Nation defaults or the loan reaches maturity.

11. LONG-TERM LIABILITIES

	2018 \$	2017 \$
CIBC Mortgage, secured by buildings and ministerial guarantee of the Minister of Indigenous Services Canada, repayable in monthly instalments of \$495 including interest charged at 6.7%.	33,974	37,508
All Nations Trust Company loan, secured by buildings and ministerial guarantee of the Minister of Indigenous Services Canada, repayable in monthly instalments of \$1,825 including interest charged at 1.43%.	146,259	165,761
All Nations Trust Company loan, secured by buildings and ministerial guarantee of the Minister of Indigenous Services Canada, repayable in monthly instalments of \$1,995 including interest charged at 1.67%.	116,792	138,627
All Nations Trust Company loan, secured by buildings and ministerial guarantee of the Minister of Indigenous Services Canada, repayable in monthly instalments of \$1,320 including interest charged at 1.143%.	83,214	139,171
All Nations Trust Company loan, secured by buildings and ministerial guarantee of the Minister of Indigenous Services Canada, repayable in monthly instalments of \$1,182 plus interest charged at 1.12%.	217,822	229,518
All Nations Trust Company loan, secured by buildings and ministerial guarantee of the Minister of Indigenous Services Canada, repayable in monthly instalments of \$3,944 including interest charged at 1.82%.	744,119	779,093

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11. LONG-TERM LIABILITIES - continued

Bank of Nova Scotia loan, secured by buildings and ministerial guarantee of the Minister of Indigenous Services Canada, repayable in bi-weekly instalments of \$875 including interest charged at 3.39%. **171,870** 188,563

Bank of Nova Scotia loan, secured by buildings and ministerial guarantee of the Minister of Aboriginal Affairs and Northern Development Canada, repayable in bi-weekly instalments of \$1,403 including interest charged at 3.39%. **132,210** 145,438

Bank of Nova Scotia loan, secured by buildings and ministerial guarantee of the Minister of Indigenous Services Canada, repayable in monthly bi-weekly of \$169 including interest charged at 3.37%. **35,774** 38,908

Bank of Nova Scotia loan, secured by equipment, with a net book value of \$98,934, repayable in monthly instalments of \$5,833 including interest charged at 1.25%. **-** 147,751

Bank of Nova Scotia loan, secured by equipment, with a net book value of \$195,722, repayable in monthly instalments of \$4,477 including interest charged at prime plus 1.25%. **94,024** **-**

Bank of Nova Scotia loan, buildings and ministerial guarantee of the Minister of Indigenous Services Canada, repayable in monthly instalments of \$1,802 including interest charged at 4.34%. **287,716** 296,733

Bank of Nova Scotia loan, buildings and ministerial guarantee of the Minister of Indigenous Services Canada, repayable in monthly instalments of \$1,802 including interest charged at 4.34%. **183,006** **-**

Farm Credit Canada, loans secured by first mortgage over property with a net book value of \$1,729,500, repayable in annual installments of \$102,876 including interest of 3.7% maturing 2028 to 2032. **960,004** 1,024,703

3,206,784 3,331,774

Less current portion of long-term liabilities **279,202** 260,934

2,927,582 3,070,840

Interest paid on long-term liabilities amounted to \$90,176 (2017 - \$100,608) during the year.

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11. LONG-TERM LIABILITIES - continued

Future principal repayments on long-term liabilities are estimated as follows:

	\$
2019	279,202
2020	282,842
2021	240,905
2022	247,431
2023	254,719
Thereafter	<u>1,901,685</u>
	<u>3,206,784</u>

12. CAPITAL LEASES

	2018				
	Total	Deferred	Current	Long-Term	Long-Term
	\$	\$	\$	\$	\$
John Deere Credit Inc. #1	84,582	4,872	25,690	54,020	79,710
John Deere Credit Inc. #2	25,509	1,439	10,055	14,015	24,070
DLL Financial Services	13,000	426	9,362	3,213	11,910
	123,091	6,737	45,107	71,248	115,690

John Deere Credit Inc. #1, secured by equipment, with a net book value of \$53,560 (2017 - \$76,515), repayable only between May to October in six instalments of \$4,699 including interest charged at 3.34% maturing November, 2020.

John Deere Credit Inc. #2, secured by equipment, with a net book value of \$20,728 (2017 - \$29,612), repayable only between May to October in six instalments of \$1,822 including interest charged at 3.95% maturing July, 2020.

DLL Financial Services, secured by equipment, with a net book value of \$19,836 (2017 - \$24,795), repayable only between April and September in six instalments of \$1,620 including interest charged at 3.36% maturing May, 2019.

Future repayments on capital leases are estimated as follows:

	\$
2019	45,107
2020	40,231
2021	31,017
	<u>116,355</u>

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13. REPLACEMENT RESERVE

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. Withdraws 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 housing project.

14. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018	2017
	\$	\$
Tangible capital assets (Schedule 2)	15,663,616	14,315,935
Accumulated amortization (Schedule 2)	(4,679,829)	(4,141,050)
Long-term liabilities (Note 11)	(3,206,784)	(3,331,774)
Capital lease obligations (Note 12)	(116,355)	(255,831)
	7,660,648	6,587,280

15. EQUITY IN ENTERPRISE FUND

	2018	2017
	\$	\$
Balance, beginning of year	4,294,108	4,544,948
Net advances (from) to controlled entities	(1,813)	25,087
Earnings (loss) from controlled entities	(158,096)	(275,927)
Balance, end of year	4,134,199	4,294,108

16. EQUITY IN TRUST FUND

	Revenue	Capital	Total
	\$	\$	\$
Balance, beginning of year	39,742	2,789	42,531
Earnings	942	-	942
Balance, end of year	40,684	2,789	43,473

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17. ACCUMULATED SURPLUS

	2018	2017
	\$	\$
Unrestricted surplus	3,631,260	(668,614)
Equity in tangible capital assets	7,660,648	6,587,280
Equity in enterprise fund	4,134,199	4,294,108
<u>Equity in trust funds</u>	<u>43,473</u>	<u>42,531</u>
	15,469,580	10,255,305

18. FINANCIAL INSTRUMENTS

The Nation's financial instruments consist of cash, accounts receivable, investments, trust funds, accounts payable, deferred revenue, capital leases and long-term liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Credit Risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Nation by failing to discharge an obligation. The Nation's credit risk is mainly related to accounts receivable. The Nation provides credit to its clients in the normal course of its operations and assesses on a continuous basis the accounts receivable and records any amounts that are not collectible in the allowance for doubtful accounts.

Market Risk

Market risk is the risk that the fair value or future cash flows of the Nation's financial instrument will fluctuate because of changes in market prices. Some of the Nation's investments expose it to this risk which comprises currency risk, and interest rate risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Nation has investments outside of Canada and incurs expenditures in foreign currency.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate. The Nation is exposed to interest rate risk on its bank account balances and any of its fixed and/or floating interest rate financial instruments.

Liquidity Risk

Liquidity risk is the risk that the Nation will encounter difficulty in meeting its obligations associated with financial liabilities. The Nation manages its liquidity risk by monitoring its operating requirements and cash forecasts to ensure it has sufficient funds to fulfil its financial obligations.

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19. REMUNERATION AND TRAVEL

Disclosure of salaries, honoraria, travel and other expenses, as required by the Indian Services Canada year-end reporting handbook, are as follows:

	Months in Office	Salary & Honorarium	Travel	Other Remuneration	Total
		\$	\$	\$	\$
Elected or Appointed Officials:					
Chief - Roland Willson	12	80,683	12,664	-	93,347
Councillor - Patricia Brown	12	77,681	4,949	-	82,630
Councillor - Dean Dokkie	12	75,086	10,473	-	85,559
Councillor - Clarence Willson	12	76,588	9,145	-	85,733
Councillor - Robyn Fuller	12	72,218	10,069	-	82,287
Unelected Senior Officials					
Director of Operations - John Lewis	12	90,901	904	-	91,805
Finance Officer - Helena Warawa	12	104,450	1,766	-	106,216
Health Manager - Patricia Hoard	12	60,516	8,885	-	69,401
Education - Alexander Canning	12	61,924	1,165	-	63,089
Public Works - Darren Robertson	12	118,544	4,869	-	123,413
Lands - Tamara Dokkie	12	120,019	20,575	-	140,594
