

**West Moberly First Nations
Consolidated Financial Statements
March 31, 2019**

West Moberly First Nations

CONTENTS

	<u>Page</u>
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Financial Activities	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Consolidated Statement of Changes in Accumulated Surplus - Schedule 1	8
Consolidated Statement of Tangible Capital Assets - Schedule 2	9
Consolidated Statement of Financial Activities by Program - Schedule 3	10
Consolidated Statement of Expenditures by Object - Schedule 4	11
Notes to the Consolidated Financial Statements	12 - 23



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 judgment. 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.

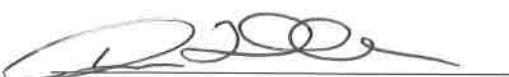
The financial statements have been audited by Doyle & Company in accordance with Canadian auditing standards on behalf of the members. Doyle & Company have full and free access to the Council.



Chief



Councillor



Councillor



Councillor

Allan J. Grykulak, CPA, CA*
Scott T. Mockford, CPA, CA*
Allen Lee, CPA, CMA*
Jason Bondarevich, CPA, CA*
* Operates as a Professional Corporation

11210 - 107 Avenue N.W., 2nd Flr
Edmonton, Alberta T5H 0Y1
Tel (780) 452-2300, Fax (780) 452-2335

INDEPENDENT AUDITOR'S REPORT

To the Chief and Council

Opinion

We have audited the financial statements of the **West Moberly First Nations** which comprise the statement of financial position as at March 31, 2019, and the statements of change in net assets, operations, 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 West Moberly First Nations as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

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

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

Auditor's 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 auditor's 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.

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 Organization'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 Organization'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 Organization 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.

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

Edmonton, Alberta
October 1, 2019

Doyle & Company
Chartered Professional Accountants

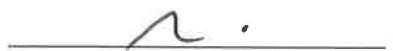
West Moberly First Nations
Consolidated Statement of Financial Position
As at March 31, 2019

	2019 \$	2018 \$
FINANCIAL ASSETS		
Cash	4,911,440	3,789,467
Restricted cash (Note 4)	638,500	584,151
Investments (Note 5)	9,010,186	6,806,471
Accounts receivable (Note 6)	878,963	577,954
Inventory (Note 7)	223,519	7,927
Investment in First Nation Controlled Entities (Note 8)	5,101,821	4,134,190
	20,764,429	15,900,160
LIABILITIES		
Accounts payable (Note 9)	837,379	827,064
Deferred contributions (Note 10)	3,957,806	3,798,694
Treaty loan payable (Note 11)	3,278,585	2,938,810
Long-term liabilities (Note 12)	2,921,977	3,206,784
Obligations under capital lease (Note 13)	71,248	116,355
Replacement reserve (Note 14)	594,520	540,678
	11,661,515	11,428,385
NET FINANCIAL ASSETS	9,102,914	4,471,775
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	12,190,352	10,983,787
Prepaid expenses	27,338	14,018
	12,217,690	10,997,805
ACCUMULATED SURPLUS (Schedule 1 and Note 18)	21,320,604	15,469,580

Approved by the First Nations:



Chief



Councillor



Councillor



Councillor

West Moberly First Nations
Consolidated Statement of Financial Activities
For the year ended March 31, 2019

	2019 Budget \$	2019 Actual \$	2018 Actual \$
REVENUE			
Indigenous Services Canada	1,125,735	996,561	1,299,396
Indigenous Services Canada - Agricultural Benefits Trust	-	-	14,120,218
Health Canada	428,017	442,916	1,377,060
Canada Mortgage and Housing Corporation	87,365	91,257	194,196
Treaty 8 Heritage Trust	-	300,000	300,000
Oil and Gas Commission	-	733,415	814,930
Industrial contracts	3,251,888	6,492,942	2,879,147
Interest income	-	421,452	20,719
Other revenue	4,429,546	4,564,780	3,553,086
Revenue deferred from previous period	1,096,850	3,798,694	3,115,701
Revenue deferred to subsequent period	-	(3,957,806)	(3,798,694)
	10,419,401	13,884,211	23,875,759
EXPENDITURES			
Administration	565,000	821,757	694,970
Capital Projects	-	114,216	547,036
Chief and Council	1,711,450	3,687,284	1,998,597
Community Operations	374,527	543,919	361,488
Community Wellbeing Initiative	-	88,671	-
Culture	170,952	55,726	77,673
Dakki Centre	251,800	202,722	244,248
Dunne-za Lodge	-	24,462	35,896
Economic Development	161,479	562,469	414,123
Education	548,696	661,480	416,671
Health - First Nations Health Authority	413,143	437,867	423,080
Health - Other	25,538	203,287	122,186
Housing	328,226	200,324	314,150
Lands	1,851,380	1,149,601	1,382,634
Social Development	208,978	182,770	127,561
Specific Claims - Agriculture Benefits	-	(60,922)	9,405,822
Specific Claims - Trapline	-	42,047	6,047
Specific Claims - Treaty Land Entitlement	-	414,582	109,731
Specific Claims - Western Boundary	-	34,114	255,227
West Moberly First Nation Holdings Inc.	-	650,006	700,020
0944996 BC Ltd - Golf Course	-	335,410	326,579
	6,611,169	10,351,792	17,963,739
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER REVENUE (EXPENDITURES)	3,808,232	3,532,419	5,912,020
OTHER REVENUE (EXPENDITURES)			
Amortization	-	(478,769)	(538,779)
EXCESS OF REVENUE OVER EXPENDITURES	3,808,232	3,053,650	5,373,241

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, 2019

	2019 \$	2018 \$
EXCESS OF REVENUES OVER EXPENDITURES	5,851,024	5,216,088
Acquisition of tangible capital assets	(1,685,334)	(1,347,681)
Amortization of tangible capital assets	478,769	538,779
Advances from controlled entities	-	(1,813)
	(1,206,565)	(810,715)
Acquisition of prepaid assets	(27,338)	(14,018)
Use of prepaid assets	14,018	60,619
	(13,320)	46,601
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	4,631,139	4,451,974
NET FINANCIAL ASSETS, BEGINNING OF YEAR	4,471,775	19,801
NET FINANCIAL ASSETS, END OF YEAR	9,102,914	4,471,775

The accompanying notes form part of these financial statements.

West Moberly First Nations

Consolidated Statement of Cash Flows

For the year ended March 31, 2019

	2019	2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and other income	13,742,314	25,216,423
Cash paid to suppliers and employees	(10,254,834)	(18,794,621)
	3,487,480	6,421,802
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances from business entities	1,829,236	1,813
Increase (decrease) in investments	(2,203,715)	(4,385,572)
Increase (decrease) in replacement reserve	53,842	29,590
Increase in trust funds	(54,349)	(30,532)
(Increase) decrease of inventory	(215,592)	31,546
Purchase of capital assets	(1,685,334)	(1,347,681)
	(2,275,912)	(5,700,836)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital lease obligation	(45,107)	(139,476)
Increase (decrease) in treaty loans payable	339,775	(501,500)
Long-term liabilities repaid	(329,914)	(264,466)
Increase in long-term liabilities	-	277,029
	(35,246)	(628,413)
INCREASE IN CASH DURING THE YEAR		
	1,176,322	92,553
CASH, Beginning of Year	4,373,618	4,281,065
CASH, End of Year	5,549,940	4,373,618
Cash is represented by:		
Cash	4,911,440	3,789,467
Restricted cash (Note 4)	638,500	584,151
	5,549,940	4,373,618

The accompanying notes form part of these financial statements.

West Moberly First Nations
Schedule of Changes in Accumulated Surplus - Schedule 1
For the year ended March 31, 2019

	Unrestricted Surplus \$	Equity in Tangible Capital Assets \$	Equity in Enterprise Fund \$	Equity in Trust Funds \$	2019 \$	2018 \$
BALANCE, Beginning of Year	3,631,260	7,660,648	4,134,199	43,473	15,469,580	10,255,305
Excess of revenue over expenditures	3,053,650	-	2,796,867	507	5,851,024	5,216,088
Current funds advanced to (from) subsidiaries	1,829,236	-	(1,829,236)	-	-	(1,813)
Current funds used for tangible capital assets	(1,685,334)	1,685,334	-	-	-	-
Annual amortization expense	478,769	(478,769)	-	-	-	-
Long-term liabilities repaid	(329,914)	329,914	-	-	-	-
Change in accumulated surplus	3,346,407	1,536,479	967,631	507	5,851,024	5,214,275
BALANCE, End of Year	6,977,667	9,197,127	5,101,830	43,980	21,320,604	15,469,580

West Moberly First Nations
Consolidated Statement of Tangible Capital Assets - Schedule 2
For the year ended March 31, 2019

	Land	Capital Lease	Automotive	Buildings	Computers	Equipment	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
COST:								
Balance, Beginning of Year	1,741,894	792,175	809,620	11,199,085	103,026	1,017,816	15,663,616	14,315,935
Acquisition of tangible capital assets	-	-	35,654	1,366,634	-	283,046	1,685,334	1,347,681
Balance, End of Year	1,741,894	792,175	845,274	12,565,719	103,026	1,300,862	17,348,950	15,663,616
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	244,724	535,636	3,016,700	103,026	779,743	4,679,829	4,141,050
Annual amortization	-	26,254	88,121	302,810	-	61,584	478,769	538,779
Balance, End of Year	-	270,978	623,757	3,319,510	103,026	841,327	5,158,598	4,679,829
NET BOOK VALUE	1,741,894	521,197	221,517	9,246,209	-	459,535	12,190,352	10,983,787

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, 2019

	ISC Revenue \$	Other Revenue \$	Total Revenue \$	2019 Total Expenditures \$	Surplus (Deficit) \$	2018 Surplus (Deficit) \$
Administration	279,148	174,132	453,280	821,757	(368,477)	(21,469)
Capital Projects (net of recovery)	-	161,792	161,792	114,216	47,576	-
Chief and Council	-	8,512,870	8,512,870	3,687,284	4,825,586	1,053,257
Community Operations	326,515	6,720	333,235	543,919	(210,684)	(40,928)
Culture	5,000	70,997	75,997	55,726	20,271	(26,061)
Dakii Centre	-	105,880	105,880	202,722	(96,842)	(119,827)
Dunne-za Lodge	-	16,124	16,124	24,462	(8,338)	6,524
Economic Development	16,413	317,784	334,197	562,469	(228,272)	(110,782)
Education	200,751	55,912	256,663	661,480	(404,817)	(138,558)
Health - First Nations Health Authority	-	339,546	339,546	437,867	(98,321)	(25,094)
Health - Other	-	940,692	940,692	203,287	737,405	1,004,330
Housing	-	393,803	393,803	200,324	193,479	165,404
Lands	-	1,185,553	1,185,553	1,149,601	35,952	(48,135)
Social Development	73,097	1,511	74,608	182,770	(108,162)	57,385
Specific Claims - Agriculture Benefits	-	126,198	126,198	(60,922)	187,120	4,752,249
Specific Claims - Trapline	-	-	-	42,047	(42,047)	(6,047)
Specific Claims - Treaty Land Entitlement	-	10,735	10,735	414,582	(403,847)	(34,731)
Specific Claims - Western Boundary	-	-	-	34,114	(34,114)	(255,227)
0944996 BC Ltd - Golf Course	-	151,031	151,031	335,410	(184,379)	(143,870)
West Moberly First Nation Holdings Inc.	-	316,200	316,200	650,006	(333,806)	(156,400)
Community Wellbeing Initiative	95,637	170	95,807	88,671	7,136	-
	996,561	12,887,650	13,884,211	10,351,792	3,532,419	5,912,020

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, 2019

	2019 \$	2018 \$
EXPENDITURES		
Advertising	4,128	7,243
Amortization	478,769	491,123
Bad debts	86,200	6,687
Bank charges and penalties	121,665	40,368
Concession purchases	47,959	50,213
Contractors and consultants	2,158,346	1,933,199
Distributions from trust	227,371	9,258,182
Donations	90,300	24,018
Elders	209,725	134,961
Equipment rental	133,730	106,658
Freight	4,428	3,729
Honorariums	95,688	97,307
Insurance	143,438	102,383
Interest on long term debt	65,684	83,709
Meeting costs	4,818	16,255
Office, memberships and registration fees	212,627	190,015
Prizes and gifts	95,720	71,149
Professional fees	814,789	726,974
Program expenses	1,080,102	1,051,394
Property taxes	13,060	12,674
Rent	21,541	74,758
Repairs and maintenance	251,243	166,984
Supplies	185,580	141,433
Training	12,729	20,603
Travel and vehicle expenses	554,095	415,870
Utilities and telephone	155,481	161,357
Wages and employee benefits	3,561,345	3,113,272
TOTAL EXPENDITURES	10,830,561	18,502,518

The accompanying notes form part of these financial statements.

West Moberly First Nations

Notes to the Consolidated Financial Statements

March 31, 2019

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.
- Black Diamond Cygnus Limited Partnership
- Three Nations Ventures
- Six Nations Ventures

West Moberly First Nations
Notes to the Consolidated Financial Statements
March 31, 2019

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, 2019

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. Concession is cost on a first-in first-out basis. Cattle inventory is costed on a weighted average 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, 2019

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

	2019	2018
	\$	\$
Trust Funds		
Band Capital	2,789	2,789
Band Revenue	41,191	40,684
<u>Canada Mortgage and Housing Corporation</u>	<u>594,520</u>	<u>540,678</u>
	638,500	584,151

5. INVESTMENTS

	2019	2018
	\$	\$
Scotiabank - Guaranteed investment certificate #1	-	135,450
Scotiabank - Guaranteed investment certificate #1	-	135,450
Scotia Wealth Management		
Cash	1,642,040	1,500,103
Equities	4,201,414	2,896,349
Fixed income	3,166,732	2,274,569
	9,010,186	6,806,471

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

6. ACCOUNTS RECEIVABLE

	2019	2018
	\$	\$
Indigenous Services Canada	6,353	2,250
Canada Mortgage and Housing Corporation	160,797	7,571
Canada Mortgage and Housing Corporation - Retrofit Contribution	-	76,065
Trade	644,125	448,692
Members	39,968	32,700
GST	27,720	10,676
	878,963	577,954

West Moberly First Nations
Notes to the Consolidated Financial Statements
March 31, 2019

7. INVENTORY

	2019	2018
	\$	\$
Cattle	214,320	-
Concession	9,199	7,927
	223,519	7,927

8. INVESTMENTS IN FIRST NATIONS CONTROLLED ENTITIES

	2019	2018
	\$	\$
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	450	816,225
Accumulated surplus (deficit) in earnings	1,099,839	(512,768)
	1,101,288	304,456
Black Diamond Cygnus Limited Partnership - 50% interest		
Units	500	500
Advances	(500)	(500)
Accumulated surplus in earnings	1,146,000	1,225,000
	1,146,000	1,225,000
West Moberly First Nations Investments Inc. - 100% interest		
Shares	100	100
Advances	1,239,327	1,129,980
Accumulated deficit in earnings	(7,528)	(54,945)
	1,231,899	1,075,135
West Moberly Indigiinet Internet Service Inc. - 50% interest		
Shares	10	10
Advances	233,501	245,247
Accumulated deficit in earnings	(101,167)	(107,015)
	132,344	138,242

West Moberly First Nations
Notes to the Consolidated Financial Statements
March 31, 2019

8. INVESTMENTS IN FIRST NATIONS CONTROLLED ENTITIES - continued

EBA Developments Limited Partnership - 33% interest

Investment in shares - cost	266,667	266,667
Accumulated deficit in earnings	(50,133)	(40,512)
	216,534	226,155

Six Nations Ventures Limited Partnership - 16.67% interest

Shares	10	10
Accumulated equity in earnings	529,882	464,856
	529,892	464,866

Twin Sisters Native Plants Nursery Limited Partnership - 49.9% interest

Units	10	10
Advances	237,509	348,571
Accumulated equity in earnings	506,345	351,755
	743,864	700,336

Total investment in controlled entities

5,101,821	4,134,190
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Financial information for each of the entities for their respective 2018/2019 year-ends are as follows:

	Assets	Liabilities	Revenues	Net Earnings (Loss)
	\$	\$	\$	\$
Dunne-za Ventures LP (99.9%)	1,376,614	273,551	352,342	2,615,222
Black Diamond West Moberly LP (50%)	3,346,000	52,000	5,694,000	696,000
West Moberly Holdings Inc. (100%)	2,698,340	8,398,617	347,437	(333,806)
West Moberly Investment (100%)	2,789,666	2,797,094	560,813	47,417
0944996 BC Ltd. (100%)	127,329	1,739,916	151,033	(229,853)
WM Indigiinet Internet Service Inc. (50%)	132,852	44,161	61,129	11,746
Six Nations Ventures Inc. (16%)	3,380,604	214,427	2,658,062	390,158
EBA Developments Limited Partnership (33%)	653,782	3,884	6,264	(28,866)
Twin Sisters Native Plants Nursery (49.9%)	1,469,077	23,060	1,013,543	309,178

9. ACCOUNTS PAYABLE

	2019	2018
	\$	\$
Trade	763,511	795,509
Canada Revenue Agency - source deductions	22,707	31,555
Indigenous Services Canada	51,161	-
	837,379	827,064

West Moberly First Nations
Notes to the Consolidated Financial Statements
March 31, 2019

10. DEFERRED CONTRIBUTIONS

	2019 \$	2018 \$
Indigenous Services Canada	-	161,792
First Nations Health Authority	96,125	548,471
<u>Industrial Agreements</u>	<u>3,861,681</u>	<u>3,088,431</u>
	3,957,806	3,798,694

11. TREATY LOAN PAYABLE - INDIGENOUS SERVICES CANADA

The promissory note due to Indigenous Services Canada is \$3,278,585 (2018 - \$2,938,810) 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.

12. LONG-TERM LIABILITIES

	2019 \$	2018 \$
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%.	30,196	33,974
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%.	126,495	146,259
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%.	94,937	116,792
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%.	73,540	83,214
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%.	205,993	217,822
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%.	708,685	744,119

West Moberly First Nations
Notes to the Consolidated Financial Statements
March 31, 2019

12. 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%.	154,517	171,870
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%.	118,503	132,210
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%.	32,514	35,774
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%.	-	94,024
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%.	40,296	-
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%.	278,270	287,716
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%.	164,728	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.	893,303	960,004
	2,921,977	3,206,784
<u>Less current portion of long-term liabilities</u>	282,842	279,202
	2,639,135	2,927,582

Interest paid on long-term liabilities amounted to \$65,684 (2018 - \$83,709) during the year.

West Moberly First Nations
Notes to the Consolidated Financial Statements
March 31, 2019

12. LONG-TERM LIABILITIES - continued

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

	\$
2020	282,842
2021	240,905
2022	247,431
2023	254,719
2024	239,281
<u>Thereafter</u>	<u>1,656,799</u>
	2,921,977

13. CAPITAL LEASES

	2019	2018			
	Total	Deferred	Current	Long-Term	Long-Term
	\$	Finance	Portion	Portion	Portion
John Deere Credit Inc. #1	56,387	2,367	26,560	27,460	54,020
John Deere Credit Inc. #2	14,577	562	10,460	3,555	14,015
DLL Financial Services	3,281	68	3,213	-	3,213
	74,245	2,997	40,233	31,015	71,248

John Deere Credit Inc. #1, secured by equipment, with a net book value of \$37,492 (2018 - \$53,560), 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 \$14,510 (2018 - \$20,728), 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 \$15,869 (2018 - \$19,836), 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:

	\$
2020	40,233
<u>2021</u>	<u>31,015</u>
	71,248

West Moberly First Nations
Notes to the Consolidated Financial Statements
March 31, 2019

14. 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. 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.

15. EQUITY IN TANGIBLE CAPITAL ASSETS

	2019	2018
	\$	\$
Tangible capital assets (Schedule 2)	17,348,950	15,663,616
Accumulated amortization (Schedule 2)	(5,158,598)	(4,679,829)
Long-term liabilities (Note 12)	(2,921,977)	(3,206,784)
Capital lease obligations (Note 13)	(71,248)	(116,355)
	9,197,127	7,660,648

16. EQUITY IN ENTERPRISE FUND

	2019	2018
	\$	\$
Balance, beginning of year	4,134,199	4,294,108
Net advances (from) to controlled entities	(1,829,236)	(1,813)
Earnings (loss) from controlled entities	2,796,867	(158,096)
Balance, end of year	5,101,830	4,134,199

17. EQUITY IN TRUST FUND

	Revenue	Capital	Total
	\$	\$	\$
Balance, beginning of year	40,684	2,789	43,473
Earnings	507	-	507
Balance, end of year	41,191	2,789	43,980

West Moberly First Nations
Notes to the Consolidated Financial Statements
March 31, 2019

18. ACCUMULATED SURPLUS

	2019	2018
	\$	\$
Unrestricted surplus	6,977,667	3,631,260
Equity in tangible capital assets	9,197,127	7,660,648
Equity in enterprise fund	5,101,830	4,134,199
Equity in trust funds	43,980	43,473
	21,320,604	15,469,580

19. FINANCIAL INSTRUMENTS

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.