

**West Moberly First Nations
Consolidated Financial Statements
March 31, 2021**

West Moberly First Nations

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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.

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 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 the financial statements. The Nation's Council carries out this responsibility principally through its meetings with management and the external auditors. Discussion on the internal controls over the financial reporting process, auditing matters, and financial reporting issues to satisfy that each party is discharging its responsibilities properly, and to review the financial statements, and the external auditor's report.

The consolidated financial statements have been audited by Doyle & Company Chartered Professional Accountants in accordance with Canadian generally accepted auditing standard on behalf of the members of the Nation. Doyle & Company Chartered Professional Accountants 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 AUDITOR'S REPORT

To the Chief and Council

Opinion

We have audited the financial statements of the **West Moberly First Nations** (the "Nation") which comprise the statement of financial position as at March 31, 2021, and the statements of financial activities, change in net financial assets, 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, 2021, 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 Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of 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 Nation'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 Nation or to cease operations, or has no realistic alternative but to do so.

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

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 Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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
December 13, 2021

Doyle & Company
Chartered Professional Accountants

West Moberly First Nations
Consolidated Statement of Financial Position
As at March 31, 2021

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash	6,849,698	2,747,860
Restricted cash (Note 3)	444,340	374,129
Investments (Note 4)	8,051,769	8,657,429
Accounts receivable (Note 5)	2,901,840	1,314,209
Inventory (Note 6)	329,532	182,982
Investment in First Nation Controlled Entities (Note 7)	10,572,517	7,068,991
	29,149,696	20,345,600
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	940,098	931,080
Deferred contributions (Note 9)	8,520,072	5,314,697
Treaty loan payable (Note 10)	3,278,585	3,278,585
Long-term liabilities (Note 11)	3,212,863	3,441,942
Obligations under capital lease	-	31,015
Replacement reserves (Note 12)	398,628	328,945
	16,350,246	13,326,264
NET FINANCIAL ASSETS	12,799,450	7,019,336
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	13,215,306	13,312,383
Prepaid expenses	43,476	26,964
	13,258,782	13,339,347
ACCUMULATED SURPLUS (Schedule 1 and Note 16)	26,058,232	20,358,683

Significant Event - Note 20

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, 2021

	2021 Budget \$	2021 Actual \$	2020 Actual \$
REVENUE			
Indigenous Services Canada	- 3,507,208	1,705,198	
First Nations Health Authority	- 681,316	470,791	
Canada Mortgage and Housing Corporation	- 174,093	88,032	
Province of British Columbia	- 2,826,786	1,122,609	
Environment Canada	- 1,200,000	-	
Treaty 8 Heritage Trust	- 300,000	300,000	
Oil and Gas Commission	- 649,925	610,525	
Industrial contracts	- 5,521,875	3,811,651	
Interest and investment income	- 164,382	280,205	
Other revenue	- 5,657,082	3,946,730	
Revenue deferred from previous period	- 5,314,697	3,957,806	
Revenue deferred to subsequent period	- (8,520,072)	(5,314,697)	
	- 17,477,292	10,978,850	
EXPENDITURES			
Administration	- 1,006,346	904,188	
Capital Projects	- 349,919	105,592	
Chief and Council	- 3,184,764	3,391,513	
Community Operations	- 673,420	514,447	
Community Wellbeing Initiative	- 206,637	158,183	
Culture	- 8,056	146,010	
Dakki Centre	- 259,918	245,644	
Dunne-za Lodge	- 86,489	39,930	
Economic Development	- 161,692	269,047	
Education	- 1,087,391	725,190	
Health - First Nations Health Authority	- 927,232	461,405	
Health - Other	- 101,518	220,045	
Housing	- 419,480	673,131	
Lands	- 2,177,362	2,325,283	
Social Development	- 277,031	204,183	
Specific Claims - Agriculture Benefits	- (558,654)	(19,914)	
Specific Claims - Trapline	- 225	10,619	
Specific Claims - Treaty Land Entitlement	- 653,763	917,872	
Specific Claims - Western Boundary	- 109,906	11,719	
West Moberly First Nation Holdings Inc.	- 660,235	572,026	
0944996 BC Ltd - Golf Course	- 331,284	334,291	
	- 12,124,014	12,210,404	
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES BEFORE OTHER REVENUE (EXPENDITURES)			
	- 5,353,278	(1,231,554)	
OTHER REVENUE (EXPENDITURES)			
Amortization	- (631,759)	(528,631)	
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES			
	- 4,721,519	(1,760,185)	

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, 2021

	2021 \$	2020 \$
EXCESS (SHORTFALL) OF REVENUES OVER EXPENDITURES	5,699,549	(961,921)
Acquisition of tangible capital assets	(534,682)	(1,650,662)
Amortization of tangible capital assets	631,759	528,631
	97,077	(1,122,031)
Acquisition of prepaid assets	(43,476)	(26,964)
Use of prepaid assets	26,964	27,338
	(16,512)	374
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	5,780,114	(2,083,578)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	7,019,336	9,102,914
NET FINANCIAL ASSETS, END OF YEAR	12,799,450	7,019,336

West Moberly First Nations
Consolidated Statement of Cash Flows
For the year ended March 31, 2021

	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and other income	19,095,036	11,900,495
Cash paid to suppliers and employees	(11,122,463)	(12,074,893)
	7,972,573	(174,398)
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances (to) from business entities	(3,503,526)	(1,170,109)
(Increase) Decrease in investments	605,660	352,757
Increase (decrease) in replacement reserves	69,683	(265,575)
Increase (decrease) in trust funds	-	-
(Increase) decrease of inventory	(146,550)	40,537
Purchase of capital assets	(534,682)	(1,650,662)
	(3,509,415)	(2,693,052)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital lease obligation	(31,015)	(40,233)
Long-term liabilities repaid	(425,604)	(314,178)
Increase in long-term liabilities	165,510	793,910
	(291,109)	439,499
INCREASE IN CASH DURING THE YEAR	4,172,049	(2,427,951)
CASH, Beginning of Year	3,121,989	5,549,940
CASH, End of Year	7,294,038	3,121,989
Cash is represented by:		
Cash	6,849,698	2,747,860
Restricted cash (Note 3)	444,340	374,129
	7,294,038	3,121,989

West Moberly First Nations
Schedule of Changes in Accumulated Surplus - Schedule 1
For the year ended March 31, 2021

	Unrestricted Surplus \$	Equity in Tangible Capital Assets \$	Equity in Enterprise Fund \$	Equity in Trust Funds \$	2021 Total \$	2020 Total \$
BALANCE, Beginning of Year	3,405,073	9,839,426	7,069,000	45,184	20,358,683	21,320,604
Excess of revenue over expenditures	4,721,519	-	977,502	528	5,699,549	(961,921)
Current funds advanced to (from) subsidiaries	(2,526,026)	-	2,526,026	-	-	-
Current funds used for tangible capital assets	(534,682)	534,682	-	-	-	-
Annual amortization expense	631,759	(631,759)	-	-	-	-
Long-term liabilities obtained	165,510	(165,510)	-	-	-	-
Long-term liabilities repaid	(425,604)	425,604	-	-	-	-
Change in accumulated surplus	2,032,476	163,017	3,503,528	528	5,699,549	(961,921)
BALANCE, End of Year	5,437,549	10,002,443	10,572,528	45,712	26,058,232	20,358,683

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, 2021

	Land \$	Automotive \$	Buildings \$	Computers \$	Equipment \$	2021 Total \$	2020 Total \$
COST:							
Balance, Beginning of Year	1,741,894	858,924	14,714,395	106,115	1,533,512	18,954,840	17,304,178
Acquisition of tangible capital assets	-	395,260	-	-	139,422	534,682	1,650,662
Balance, End of Year	1,741,894	1,254,184	14,714,395	106,115	1,672,934	19,489,522	18,954,840
ACCUMULATED AMORTIZATION:							
Balance, Beginning of Year	-	690,911	3,769,302	101,434	1,080,810	5,642,457	5,113,826
Annual amortization	-	109,693	442,110	1,409	78,547	631,759	528,631
Balance, End of Year	-	800,604	4,211,412	102,843	1,159,357	6,274,216	5,642,457
NET BOOK VALUE	1,741,894	453,580	10,502,983	3,272	513,577	13,215,306	13,312,383
2020 NET BOOK VALUE	1,741,894	168,013	10,945,093	4,681	1,533,512	13,312,383	

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, 2021

	ISC Revenue \$	Other Revenue \$	Total Revenue \$	2021	2020
				Total Expenditures \$	Surplus (Deficit) \$
Administration	411,626	89,134	500,760	1,006,346	(505,586)
Capital Projects	1,012,609	(725,911)	286,698	349,919	(63,221)
Chief and Council	-	9,806,107	9,806,107	3,184,764	6,621,343
Community Operations	672,181	1,239	673,420	673,420	-
Community Wellbeing Initiative	206,637	-	206,637	206,637	-
Culture	-	82,875	82,875	8,056	74,819
Dakii Centre	-	60,178	60,178	259,918	(199,740)
Dunne-za Lodge	-	7,401	7,401	86,489	(79,088)
Economic Development	-	105,107	105,107	161,692	(56,585)
Education	593,055	313,147	906,202	1,087,391	(181,189)
Health - First Nations Health Authority	309,069	663,716	972,785	927,232	45,553
Health - Other	-	183,791	183,791	101,518	82,273
Housing	-	406,317	406,317	419,480	(13,163)
Lands	-	2,319,527	2,319,527	2,177,362	142,165
Social Development	277,031	-	277,031	277,031	-
Specific Claims - Agriculture Benefits	-	163,375	163,375	(558,654)	722,029
Specific Claims - Trapline	-	-	-	225	(225)
Specific Claims - Treaty Land Entitlement	25,000	50,050	75,050	653,763	(578,713)
Specific Claims - Western Boundary	-	-	-	109,906	(109,906)
West Moberly First Nation Holdings Inc.	-	318,553	318,553	660,235	(341,682)
0944996 BC Ltd - Golf Course	-	125,478	125,478	331,284	(205,806)
	3,507,208	13,970,084	17,477,292	12,124,014	5,353,278
					(1,231,554)

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, 2021

	2021 \$	2020 \$
EXPENDITURES		
Advertising	2,655	2,365
Amortization	631,759	528,631
Bad debts	5,265	6,826
Bank charges and penalties	23,218	76,802
Concession purchases	44,042	53,510
Contractors and consultants	2,050,913	2,170,838
Distributions from trust	113,410	305,032
Donations	16,446	66,408
Elders	292,967	295,530
Equipment rental	301,463	225,917
Freight	6,914	7,743
Honorariums	100,508	162,483
Insurance	188,527	100,878
Interest on long term debt	97,030	101,090
Meeting costs	19,219	38,818
Office, memberships and registration fees	220,899	277,262
Prizes and gifts	68,701	84,029
Professional fees	1,339,025	1,222,979
Program expenses	1,084,413	473,628
Property taxes	13,008	11,371
Rent	19,589	15,402
Repairs and maintenance	173,375	285,878
Supplies	572,315	426,402
Training	8,510	27,211
Travel and vehicle expenses	320,609	641,331
Utilities and telephone	226,590	184,292
Wages and employee benefits	4,814,403	4,946,379
TOTAL EXPENDITURES	12,755,773	12,739,035

The accompanying notes form part of these financial statements.

West Moberly First Nations

Notes to the Consolidated Financial Statements

March 31, 2021

NATURE OF OPERATIONS

West Moberly First Nations (the "Nation") 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
- EBA Developments Limited Partnership
- West Moberly First Nations Investments Inc.
- West Moberly Indigiinet Internet Service Inc.
- Papewewin Development Limited Partnership
- Black Diamond Cygnus Limited Partnership
- Twin Sisters Native Plants Nursey Limited Partnership
- Six Nations Ventures

West Moberly First Nations
Notes to the Consolidated Financial Statements
March 31, 2021

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.
- 09244996 B.C. Ltd.
- West Moberly First Nations Agricultural Benefits Settlement Trust

(c) Cash

Cash and cash equivalents consist of cash in 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 recourses 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, 2021

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

(g) Investments

Investments are recorded 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 and accrued liabilities, deferred contributions, treaty loan payable, long-term liabilities, obligations under capital lease, and replacement reserve.

(ii) Impairment

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed the original cost. The amount of the reversal is recognized in operations.

West Moberly First Nations
Notes to the Consolidated Financial Statements
March 31, 2021

2. MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian Accounting Standards for Public Sector Accounting Board 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 reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Provisions are made for slow moving and obsolete inventory.

Amortization is based on the estimated useful lives of the tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the revenue or expenses in the period in which they become known. Actual results could differ from those estimates.

3. RESTRICTED CASH

	2021	2020
	\$	\$
Trust Funds		
Band Capital	2,789	2,789
Band Revenue	42,923	42,395
Canada Mortgage and Housing Corporation	398,628	328,945
	444,340	374,129

4. INVESTMENTS

	2021		2020	
	FMV	Cost	FMV	Cost
	\$	\$	\$	\$
Scotia Wealth Management				
Cash	7,333	7,333	1,651,334	1,651,334
Equities	4,910,302	4,759,552	3,671,078	3,537,459
Fixed income	3,134,134	3,107,610	3,335,017	3,265,835
	8,051,769	7,874,495	8,657,429	8,454,628

The aggregated fair value of the long term investments balance includes an unrealized gain of \$706,208 (2020 - \$203,031).

West Moberly First Nations
Notes to the Consolidated Financial Statements
March 31, 2021

5. ACCOUNTS RECEIVABLE

	2021	2020
	\$	\$
Trade	1,507,861	724,630
Canada Mortgage and Housing Corporation	7,323	7,323
Canada Mortgage and Housing Corporation - supplemental funding	57,714	-
Province of British Columbia	450,000	-
Members	858,551	563,586
GST	20,391	18,670
	2,901,840	1,314,209

6. INVENTORY

	2021	2020
	\$	\$
Cattle	323,657	175,028
Concession	5,875	7,954
	329,532	182,982

Total inventory expensed in the period was \$45,944 (2020 - \$89,785).

7. INVESTMENTS IN FIRST NATIONS CONTROLLED ENTITIES

	2021	2020
	\$	\$
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	450
Accumulated surplus (deficit) in earnings	2,593,649	2,128,350
	2,595,098	2,129,799
Dunne-za Economic Development Corporation - 100% interest		
Shares	100	100
Accumulated deficit in earnings	(100)	(100)
	-	-

West Moberly First Nations
Notes to the Consolidated Financial Statements
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7. INVESTMENTS IN FIRST NATIONS CONTROLLED ENTITIES - continued

	2021	2020
	\$	\$
Dunne-za Ventures Limited Partnership - 99.9% interest		
Units	999	999
Advances	450	450
Accumulated surplus (deficit) in earnings	2,593,649	2,128,350
	2,595,098	2,129,799
Black Diamond Cygnus Limited Partnership - 50% interest		
Units	500	500
Advances	(500)	(500)
Accumulated surplus in earnings	2,139,500	1,081,500
	2,139,500	1,081,500
West Moberly First Nations Investments Inc. - 100% interest		
Shares	100	100
Advances	3,836,471	1,397,771
Accumulated equity in earnings	49,576	23,733
	3,886,147	1,421,604
West Moberly Indigiinet Internet Service Inc. - 50% interest		
Shares	10	10
Advances	216,883	224,818
Accumulated deficit in earnings	(92,859)	(96,826)
	124,034	128,002
Six Nations Ventures Limited Partnership - 16.67% interest		
Shares	10	10
Accumulated equity in earnings	343,405	455,376
	343,415	455,386
Twin Sisters Native Plants Nursery Limited Partnership - 49.9% interest		
Units	10	10
Advances	187,509	237,509
Accumulated equity in earnings	266,485	694,833
	454,004	932,352
Papawewin Developments Limited Partnership - 99.9% interest		
Units	999	999
Advances	1,157,134	919,349
Accumulated equity in earnings	(127,814)	-
	1,030,319	920,348
Total investment in controlled entities	10,572,517	7,068,991

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7. INVESTMENTS IN FIRST NATIONS CONTROLLED ENTITIES - continued

Financial information for each of the entities for their respective 2020/2021 year-ends are as follows:

	Assets	Liabilities	Revenues	Net Earnings (Loss)
	\$	\$	\$	\$
Dunne-za Ventures LP (99.9%)	2,649,104	46,697	3,117,082	2,906,558
Black Diamond West Moberly LP (50%)	15,668,000	11,389,000	25,729,000	1,581,000
West Moberly Investments Inc. (100%)	4,039,577	3,989,902	703,070	25,843
WM Indigiinet Internet Service Inc. (50%)	161,342	72,651	54,767	7,934
Papawewin Developments LP. (99.9%)	1,157,134	1,157,134	-	(127,814)
Six Nations Ventures Inc. (16%)	2,058,763	14,698	347	(371,826)
Twin Sisters Native Plants Nursery (49.9%)	1,059,669	526,711	250,510	(856,713)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
	\$	\$
Trade	823,090	818,618
Canada Revenue Agency - source deductions	63,734	59,188
Indigenous Services Canada	53,274	53,274
	940,098	931,080

9. DEFERRED CONTRIBUTIONS

	2021	2020
	\$	\$
Indigenous Services Canada	1,180,256	454,345
First Nations Health Authority	105,272	97,305
Province of British Columbia	792,225	199,367
Environment Canada	1,200,000	-
Industrial Agreements	5,242,319	4,563,680
	8,520,072	5,314,697

10. TREATY LOAN PAYABLE - INDIGENOUS SERVICES CANADA

The promissory note due to Indigenous Services Canada is \$3,278,585 (2020 - \$3,278,585) 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 Nation defaults or the loan reaches maturity.

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11. LONG-TERM LIABILITIES

	2021	2020
	\$	\$
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%.	21,832	26,156
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%.	86,113	106,451
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%.	49,642	72,575
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%.	53,682	63,758
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%.	182,581	194,177
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%.	636,414	672,803
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 2.15%.	115,479	136,269
Bank of Nova Scotia loan, secured by buildings and ministerial guarantee of the Minister of Indigenous Services Canada, repayable in bi-weekly instalments of \$1,403 including interest charged at 2.41%.	87,854	104,176
Bank of Nova Scotia loan, secured by buildings and ministerial guarantee of the Minister of Indigenous Services Canada, repayable in monthly bi-weekly of \$175 including interest charged at 2.15%.	25,111	29,077
Bank of Nova Scotia loan, secured by a building, with a net book value of \$3,839,930, repayable in monthly instalments of \$6,250 including interest charged at prime plus 0.50%.	606,250	681,250

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11. LONG-TERM LIABILITIES - continued

Bank of Nova Scotia loan, secured by equipment, with a net book value of \$210,375, repayable in monthly instalments of \$4,598 including interest charged at prime plus 1.25%.	142,523	-
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 4.29%.	258,132	268,415
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 prime plus 0.50%.	132,389	149,261
Bank of Nova Scotia loan, buildings and ministerial guarantee of the Minister of Indigenous Services Canada, repayable in monthly instalments of \$4,695 including interest charged including interest charged at prime plus 0.50%.	56,320	112,660
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.	758,541	824,914
	3,212,863	3,441,942
<u>Less: current portion of long-term liabilities</u>	418,162	349,546
	2,794,701	3,092,396

Interest paid on long-term liabilities amounted to \$83,738 (2020 - \$101,089) during the year.

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

	\$
2022	418,162
2023	371,805
2024	331,046
2025	309,507
2026	293,153
<u>Thereafter</u>	1,489,190
	3,212,863

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12. 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.

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	2021	2020
	\$	\$
Tangible capital assets (Schedule 2)	19,489,522	18,954,840
Accumulated amortization (Schedule 2)	(6,274,216)	(5,642,457)
Long-term liabilities (Note 11)	(3,212,863)	(3,441,942)
Capital lease obligations	-	(31,015)
	10,002,443	9,839,426

14. EQUITY IN ENTERPRISE FUND

	2021	2020
	\$	\$
Balance, beginning of year	7,069,000	5,101,830
Net advances to controlled entities	2,526,026	1,170,109
Earnings from controlled entities	977,502	797,061
Balance, end of year	10,572,528	7,069,000

15. EQUITY IN TRUST FUND

	Revenue	Capital	Total
	\$	\$	\$
Balance, beginning of year	42,395	2,789	45,184
Earnings	-	528	528
Balance, end of year	42,395	3,317	45,712

West Moberly First Nations
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16. ACCUMULATED SURPLUS

	2021	2020
	\$	\$
Unrestricted surplus	5,437,549	3,405,073
Equity in tangible capital assets	10,002,443	9,839,426
Equity in enterprise fund	10,572,528	7,069,000
<u>Equity in trust funds</u>	45,712	45,184
	26,058,232	20,358,683

17. 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.

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18. BUDGET FIGURES

The budgeted figures are un-audited and are for presentation purposes only.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

20. SIGNIFICANT EVENT

The COVID-19 outbreak was declared a pandemic by the World Health Organization and has had significant impact on the Nation's operations through the restrictions put in place by the Canadian and provincial governments as well as municipal governments regarding, travel, isolation/quarantine orders, closure of public facilities, cancellation/postponement of programs and tax and utility deferral programs. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of public facility closures, program and service disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.