

WE WAI KAI NATION
Consolidated Financial Statements
March 31, 2022

WE WAI KAI NATION

Consolidated Financial Statements

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Year Ended March 31, 2022

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WE WAI KAI NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2022

The accompanying consolidated financial statements of the We Wai Kai Nation as at March 31, 2022 and for the year ended are the responsibility of management. 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 judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

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

The We Wai Kai Nation Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

Chief and Council reviews the financial statements and approves them. Chief and Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the independent auditor's report. Chief and Council consider their findings when approving the financial statements for issuance to the Members.

The financial statements have been approved by Chief and Council. In addition, these financial statements have been audited by Chan Nowosad Boates Inc. in accordance with Canadian generally accepted auditing standards on behalf of the members. Chan Nowosad Boates Inc. has full access to Chief and Council for the purpose of their audit.



Robert Duncan
Chief Administrative Officer
July 25, 2022



INDEPENDENT AUDITORS' REPORT

To Chief and Council and the Members of the We Wai Kai Nation

Opinion

We have audited the accompanying consolidated financial statements of the We Wai Kai Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, the Nation's financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2022, and its financial performance and cash flows for the year then ended. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 the financial statements, management is responsible for assessing the Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends for the Nation to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the Nation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants
Campbell River, BC

July 25, 2022

WE WAI KAI NATION**Consolidated Statement of Financial Position**

March 31, 2022

2022**2021****FINANCIAL ASSETS**

Cash and Cash Equivalents (Note 2)	\$ 10,734,966	\$ 9,100,042
Restricted Cash (Note 3)	405,016	540,603
Trust Funds Held by Federal Government	2,594	-
Accounts Receivable (Note 4)	2,344,322	449,759
Inventory (Note 5)	38,794	8,302
Due from Government Business Enterprises (Note 6)	13,099,295	14,955,948
Portfolio Investments (Note 7)	384,690	384,690
Investment in Government Business Enterprises (Note 8)	<u>11,544,291</u>	<u>7,683,795</u>
	<u>38,553,968</u>	<u>33,123,139</u>

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 9)	1,134,266	992,689
Employee Benefit Obligations (Note 10)	84,066	93,524
Deposits (Note 11)	23,000	19,500
Deferred Revenue (Note 12)	1,655,848	40,536
Long Term Debt (Note 13)	<u>8,584,291</u>	<u>9,193,272</u>
	<u>11,481,471</u>	<u>10,339,521</u>

NET FINANCIAL ASSETS

	<u>27,072,497</u>	<u>22,783,618</u>
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NON-FINANCIAL ASSETS

Prepaid Expenses and Deposits	982,055	183,655
Tangible Capital Assets (Note 14)	<u>33,163,361</u>	<u>29,300,778</u>
	<u>34,145,416</u>	<u>29,484,433</u>

ACCUMULATED SURPLUS

	<u>\$ 61,217,913</u>	<u>\$ 52,268,051</u>
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Contingent Liabilities and Commitments (Note 15)

Approved by:



Chief



Councilor

WE WAI KAI NATION

Consolidated Statement of Operations Year Ended March 31, 2022

	2022		2021
	Actual	Budget (Note 19)	
Revenues			
Indigenous Services Canada (ISC)	\$ 7,202,936	\$ 6,370,539	\$ 5,744,692
Province of British Columbia	991,452	821,275	1,126,113
First Nation Health Authority	321,653	106,344	292,522
Canada Mortgage Housing Corporation	77,397	78,000	77,397
North Vancouver Island Aboriginal Training Society	105,913	107,922	112,685
Kwakiutl District Council	84,332	85,000	85,000
First Nations Education Steering Committee	244,686	60,597	186,822
BC Hydro	233,811	233,810	260,754
Income from Government Business Enterprises	5,733,208	-	2,817,045
Taxation	93,078	91,892	86,052
Lease and Rental Income	482,641	460,333	466,659
Tobacco Sales and Fees	170,531	202,100	191,971
Travel and Expense Recoveries	382,983	241,076	231,326
Interest	653,330	144,883	876,219
Other	<u>2,590,101</u>	<u>1,207,819</u>	<u>469,210</u>
	<u>19,368,052</u>	<u>10,211,590</u>	<u>13,024,467</u>
Expenditures (Note 17)			
Core Government	5,663,473	3,666,122	4,953,791
Health	791,600	850,467	568,863
Community Development	1,255,370	288,950	1,081,329
Economic Development	1,165,173	1,826,154	1,247,971
Housing	200,068	142,050	423,808
Capital	210,092	678,355	241,828
Trust and Reserves	65,037	31,350	31,248
Amortization and Loss on Disposal of Assets	<u>1,067,377</u>	<u>-</u>	<u>955,234</u>
	<u>10,418,190</u>	<u>7,483,448</u>	<u>9,504,072</u>
Annual Surplus	8,949,862	<u>2,728,142</u>	3,520,395
Accumulated Surplus - Beginning of Year	<u>52,268,051</u>		<u>48,747,656</u>
Accumulated Surplus - End of Year	<u>\$ 61,217,913</u>		<u>\$ 52,268,051</u>

WE WAI KAI NATION

Consolidated Statement of Changes in Net Financial Assets Year Ended March 31, 2022

	2022	2021
Annual Surplus	\$ 8,949,862	\$ 3,520,395
Purchase of Tangible Capital Assets	(4,929,960)	(1,171,620)
Disposal of Tangible Capital Assets	-	99,041
Amortization of Tangible Capital Assets	1,067,377	955,234
	(3,862,583)	(117,345)
Net Acquisition of Prepaid Asset	(798,400)	(25,258)
Increase in Net Financial Assets	4,288,879	3,377,792
Net Financial Assets - Beginning of Year	22,783,618	19,405,826
Net Financial Assets - End of Year	\$ 27,072,497	\$ 22,783,618

WE WAI KAI NATION

Consolidated Statement of Cash Flows

Year Ended March 31, 2022

2022

2021

Cash Flows From Operating Activities:

Cash Received from ISC and Other Sources	\$ 13,356,499	\$ 10,099,126
Cash Paid to Suppliers and Employees	<u>(10,047,586)</u>	<u>(8,684,403)</u>
	<u>3,308,913</u>	<u>1,414,723</u>

Cash Flows From Financing Activities:

Proceeds from Long Term Debt	431,123	1,922,207
Repayment of Long Term Debt	(1,040,104)	(1,064,509)
Transfer from (to) FNFA Debt Reserve Fund	120,928	(75,230)
Transfer from (to) Social Housing Reserve Funds	<u>14,659</u>	<u>(69,393)</u>
	<u>(473,394)</u>	<u>713,075</u>

Cash Flows From Investing Activities:

Investment in Government Business Enterprises	1,872,712	2,188,728
Distributions to Government Business Enterprises	<u>1,856,653</u>	<u>(2,229,126)</u>
	<u>3,729,365</u>	<u>(40,398)</u>

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	(4,929,960)	(1,171,620)
Proceeds from Sale of Tangible Capital Assets	<u>-</u>	<u>100,000</u>
	<u>(4,929,960)</u>	<u>(1,071,620)</u>

Increase in Cash and Cash Equivalents

1,634,924 1,015,780

Cash and Cash Equivalents - Beginning of Year

9,100,042 8,084,262

Cash and Cash Equivalents - End of Year

\$ 10,734,966 \$ 9,100,042

Notes to the Financial Statements

March 31, 2022

1. Significant Accounting Policies:

a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments, as recommended by the Public Sector Accounting Board of CPA Canada.

b) Basis of Consolidation

The financial statements include the accounts of the We Wai Kai Nation (the "Nation") government administration and Quinsam Properties BT Inc., Quinsam Reserve Leasing Inc., 1223053 BC Ltd. and Cape Mudge Developments Ltd.

All controlled entities are consolidated on a line-by-line basis except for commercial enterprise, which meets the definition of a Government Business Enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transfers are eliminated upon consolidation. Under the modified equity method of accounting, only the Nation's investment in the business entities and the entities' net income and other changes in equity are recorded. No adjustment is made for accounting policies of the entities that are different from those of the Nation, except that any other comprehensive income of the business entities is accounted for as an adjustment to the accumulated surplus or deficit. Inter-organizational transactions and balances are not eliminated for the business entities.

Investments in the following entities are accounted for by the modified equity method and, as such, the accounting policies of these enterprises are not adjusted to conform with those of the Nation:

A-Tlegay Fisheries Limited Partnership (27.50%)
Laich-Kwil-Tach Environmental Assessment Partnership (49.96%)
Quinsam LFRC Limited Partnership (48%)
Quinsam Services Station Partnership (99%)
1012577 BC Ltd. (100%)
Cape Mudge Campsites Ltd. (100%)
Cape Mudge Forestry Ltd. (100%)
Cape Mudge Resort Ltd. (100%)
Laich Kwil Tach Wood Trucking Joint Venture (51.48%)
Quinsam Liquor Store Ltd. (100%)
WWK Forestry Limited Partnership (99%)
WWK Forestry (LPGP) Ltd. (100%)
WWK Marine Terminals Limited Partnership (99%)
Comox Valley Shakes (2019) Ltd. (100%)

c) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services and may be consumed in normal operations. Non-financial assets include tangible capital assets and prepaid expenses. Intangible assets, and items inherited by right of the Crown, are not recognized in the financial statements.

d) Cash and Cash Equivalents

Cash and Cash Equivalents includes cash on hand, balances with banks, and term deposits. Cash subject to external restrictions that prevent its use for current purposes is reflected in restricted cash.

Notes to the Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued):

e) Tangible Capital Assets

Tangible Capital Assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

Amortization is provided for using the following rates using the straight-line method:

Buildings and Housing	10 to 40 years
Infrastructure	25 to 40 years
General and Other Equipment	5 to 25 years

Tangible Capital Assets are written down when conditions indicate that they no longer contribute to the Nation's ability to provide goods and services, or when the value of future economic benefits associated with the assets are less than their net book value. The net writedowns are accounted for as expenses in the statement of operations.

f) Inventory

Inventory, which consists of goods available for resale, is recorded at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

g) Portfolio Investments

Investments in corporations and limited partnerships which the Nation does not control or significantly influence are accounted for as portfolio investments using the cost method. Investments will be recorded at cost and any share of income received will be recognized as income when received or receivable.

h) Basis of Accounting for Revenue and Expenses

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

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

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

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

Taxation revenues are recognized when authorized by Council, the taxable event has occurred, and the definition of an asset is met.

Other economic activities represent activities of subsidiaries and partnerships controlled by the Nation. Revenues from economic activities consist of sale of goods and services, government transfers, management fees, and lease revenue.

Expenses are recognized as they are incurred and measurable as a result of goods and services being received and/or the creation of a legal obligation to pay.

i) 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 report amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, estimated useful lives of tangible capital assets, impairment of tangible capital assets, recoverability of investments and advances, accrued liabilities and the possibility of contingent liabilities. Actual results could differ from these estimates.

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued):

j) Liability for Contaminated Sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2022.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2022 no liability for contaminated sites exists.

k) Segment Disclosures

A segment is defined as a distinguishable activity of group of activities of the Nation, for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Nation has provided definitions used by the Nation in Note 21 as well as presented financial information in segment format in Schedule 1.

2. Cash and Cash Equivalents:

Cash and Cash Equivalents is comprised of the following:

	<u>2022</u>	<u>2021</u>
Unrestricted		
Operating	\$ 3,788,671	\$ 3,015,239
Savings	1,269,759	1,265,323
Guaranteed Investment Certificates	<u>1,934,357</u>	<u>631,830</u>
	<u>6,992,787</u>	<u>4,912,392</u>
Internally Restricted Cash		
IBA Account	3,685,615	3,672,894
FCARS Account	<u>56,564</u>	<u>514,756</u>
	<u>3,742,179</u>	<u>4,187,650</u>
	<u>\$ 10,734,966</u>	<u>\$ 9,100,042</u>

The Guaranteed Investment Certificate ("GIC") balance includes \$634,357 accruing interest at 0.4% per annum, maturing July 23, 2023, and three GICs with balances totaling \$1,300,000 accruing interest at 0.5% per annum, maturing June 28, 2022.

The general bank account has an overdraft facility in the amount of \$200,000 at an interest rate of prime plus 0.5%. As of March 31, 2022, the Nation has \$200,000 of the credit facility available.

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2022

3. Restricted Cash:

Restricted Cash is comprised of the following:

	<u>2022</u>	<u>2021</u>
First Nation Finance Authority		
Secured Revenues Trust Account	\$ 75,618	\$ 199,771
Debt Reserve Fund	<u>213,263</u>	<u>210,038</u>
	<u>288,881</u>	<u>409,809</u>
Social Housing		
Operating Reserve - Phase 1	39,218	44,853
Replacement Reserve - Phase 1	36,621	28,465
Operating Reserve - Phase 2	13,892	39,208
Replacement Reserve - Phase 2	<u>26,404</u>	<u>18,268</u>
	<u>116,135</u>	<u>130,794</u>
	<u>\$ 405,016</u>	<u>\$ 540,603</u>

The Nation has borrowed funds and has issued debt instruments through the First Nation Finance Authority ("FNFA"). As a condition on these borrowings, a portion of the borrowed funds and debenture proceeds are withheld by the FNFA as a debt reserve fund. Funds earned from a tobacco fee are redirected at source to a secured revenue trust account to fund upcoming payments under the debt instrument.

Under the terms of an agreement with Canada Mortgage and Housing Corporation ("CMHC"), the Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds, along with accumulated interest, must be held in separate bank accounts, as per the agreement with CMHC. These funds are to be invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the accounts may only be used for CMHC approved expenditures. The Nation is also required to maintain separate bank accounts for operating surplus resulting from the operations of the programs under the agreement, known as the operating reserve.

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2022

4. Accounts Receivable:

	<u>2022</u>	<u>2021</u>
Due from Members		
User Fees	\$ 223,806	\$ 239,441
Loans	68,531	68,531
Allowance for Doubtful Accounts	<u>(246,399)</u>	<u>(246,399)</u>
	<u>45,938</u>	<u>61,573</u>
Due from Others		
CMHC	3,030	3,030
Nuyumbalees Society	240,480	215,729
Other	<u>2,352,857</u>	<u>437,155</u>
	2,596,367	655,914
Allowance for Doubtful Accounts	<u>(297,983)</u>	<u>(267,728)</u>
	<u>2,298,384</u>	<u>388,186</u>
Net Accounts Receivable	<u>\$ 2,344,322</u>	<u>\$ 449,759</u>

5. Inventory:

	<u>2022</u>	<u>2021</u>
Materials and Supplies	\$ 27,904	\$ -
Tobacco Products	<u>10,890</u>	<u>8,302</u>
	<u>\$ 38,794</u>	<u>\$ 8,302</u>

6. Due from Government Business Enterprises:

	<u>2022</u>	<u>2021</u>
1012577 BC Ltd.	\$ 2,696,680	\$ 2,696,500
Cape Mudge Campsites Ltd.	4,591	46,956
Cape Mudge Developments Ltd.	-	258,206
Cape Mudge Resort Ltd.	1,047,408	847,298
Comox Valley Shakes (2019) Ltd.	8,855,410	10,486,675
WWK&P Holdings Ltd.	45,146	84,996
Quinsam Service Station Partnership	210,633	188,202
WWK Forestry Limited Partnership	24,962	110,148
WWK Forestry (LPGP) Ltd.	50,000	50,000
WWK Marine Terminals Limited Partnership	<u>164,465</u>	<u>186,967</u>
	<u>\$ 13,099,295</u>	<u>\$ 14,955,948</u>

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2022

7. Portfolio Investments:

The Nation's portfolio investments consists of the following:

	<u>2022</u>	<u>2021</u>
Leqwa Enterprises Inc.	\$ 1	\$ 1
Quadra Link Ltd.	25,000	25,000
WWK&P Holdings Ltd.	359,579	359,579
BC FN Gaming Revenue Sharing Limited Partnership	110	110
	<u>\$ 384,690</u>	<u>\$ 384,690</u>

8. Investment in Government Business Enterprises:

The Nation's investments in Government Business Enterprises consists of the following:

	<u>2022</u>	<u>2021</u>
Investments in Business Enterprises		
1012577 BC Ltd.	\$ 1	\$ 1
Cape Mudge Campsites Ltd.	727,658	367,021
Cape Mudge Developments Ltd.	-	13,280
Cape Mudge Forestry Ltd.	1	1
Cape Mudge Resort Ltd.	1	1
Quinsam Liquor Store Ltd.	1,070,545	988,488
Comox Valley Shakes (2019) Ltd.	2,876,744	224,029
WWK Forestry (LPGP) Ltd.	6,415	5,584
	<u>4,681,365</u>	<u>1,598,405</u>
Investments and Earnings in Business Partnerships		
A-Tlegay Fisheries Limited Partnership	1,774,141	1,422,369
Laich Kwil Tach Wood Trucking Joint Venture	129,550	71,073
Laich-Kwil-Tach Environmental Assessment Partnership	1,082,470	1,028,797
Quinsam LFRC Limited Partnership	17,682	21,298
Quinsam Services Station Partnership	3,200,485	3,283,302
WWK Forestry Limited Partnership	477,123	257,115
WWK Marine Terminals Limited Partnership	181,475	1,436
	<u>6,862,926</u>	<u>6,085,390</u>
	<u>\$ 11,544,291</u>	<u>\$ 7,683,795</u>

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2022

8. Investment in Government Business Enterprises (continued):

	Retail Goods and Services Businesses	Natural Resource Businesses	Industrial Businesses	Total 2022	Total 2021
Total Assets	\$ 8,199,119	\$ 15,214,550	\$ 17,471,079	\$ 40,884,748	\$ 37,960,090
Total Liabilities	5,409,941	8,215,968	15,147,115	28,773,024	31,060,294
Total Equity (Deficit)	2,789,178	6,998,582	2,323,964	12,111,724	6,899,796
Total Liabilities and Equity	\$ 8,199,119	\$ 15,214,550	\$ 17,471,079	\$ 40,884,748	\$ 37,960,090
Revenue	30,688,040	2,178,363	11,393,740	44,260,143	35,716,027
Expenses	28,550,124	676,003	8,324,537	37,550,664	32,424,395
Net Income	\$ 2,137,916	\$ 1,502,360	\$ 3,069,203	\$ 6,709,479	\$ 3,291,632

9. Accounts Payable and Accrued Liabilities:

	2022	2021
Trade Payables	\$ 698,355	\$ 643,381
Wages Payable	103,198	83,330
Government Remittances Payable	3,007	2,634
Other	329,706	263,344
	\$ 1,134,266	\$ 992,689

10. Employee Benefit Obligations:

	2022	2021
Vacation and Overtime	\$ 80,672	\$ 92,925
Pension Plan Contributions	3,394	599
	\$ 84,066	\$ 93,524

Vacation and Overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next fiscal year.

Pension Plan

The Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute between 3-9% of their base salary. The Nation contributes matching contributions which are directed to the members' contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The Nation contributed \$77,405 (2021 - \$54,061) during the year for retirement benefits. The Nation does not have any other obligations with regards to the pension plan as at March 31, 2022.

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2022

11. Deposits:

	<u>2022</u>	<u>2021</u>
Housing Application Deposits	\$ <u>23,000</u>	\$ <u>19,500</u>

Balance includes housing deposits received from tenants in Elders' Housing. Amounts to be either refunded when tenant vacates the premises or held to cover potential damages caused by tenants.

12. Deferred Revenue:

	<u>2021</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>2022</u>
ISC - Community Based Initiative	\$ 11,452	\$ 347,549	\$ 256,613	\$ 102,388
ISC - School Minor Capital	16,041	-	16,041	-
ISC - Wastewater	-	105,958	75,504	30,454
ISC - Service Delivery	-	21,319	17,405	3,914
ISC - Community Based Initiative Retroactive	-	353,420	57,588	295,832
ISC - Negotiation Preparedness	-	109,578	107,192	2,386
ISC - New Housing	-	253,196	124,523	128,673
Property Lease Revenue	13,043	1,092,201	13,043	1,092,201
	<u>\$ 40,536</u>	<u>\$ 2,283,221</u>	<u>\$ 667,909</u>	<u>\$ 1,655,848</u>

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2022

13. Long Term Debt:

	<u>2022</u>	<u>2021</u>
Government of Canada - IR10 Promissory Note: Interest-free; maturing on the earlier of March 31, 2026 or the date on which the IR10 Roads Claim is settled	\$ 89,896	\$ 13,820
Tale'awtxw Aboriginal Capital Corporation: Repayable at \$5,612 per month including interest at 8.0%; maturing August 31, 2028; secured by a general security agreement	323,233	-
Royal Bank of Canada - Facility #4: Repayable at \$56,442 per month including interest at prime per annum; maturing September 30, 2022; secured by general security agreement	2,213,114	2,827,934
Royal Bank of Canada: Term Loan Repayable at \$13,145 per month including interest at prime per annum; maturing April 28, 2022; secured by general security agreement	1,690,736	1,805,660
CMHC - Phase 1: Repayable at \$3,761 per month including interest at 2.13% per annum; for renewal on October 1, 2022; secured by buildings with a net book value of \$1,000,494 (2021 - \$1,028,994)	752,111	780,954
CMHC - Phase 2: Repayable at \$3,729 per month including interest at 2.22% per annum; for renewal on January 1, 2024; secured by buildings with a net book value of \$906,064 (2021 - \$923,574)	742,656	769,961
First Nation Finance Authority: Repayable at \$4,131 per month plus interest at 2.9% per annum; maturing June 26, 2024; secured by assignment of tobacco fees	1,025,719	1,082,768
First Nation Finance Authority: Repayable at \$2,947 per month plus interest at 3.79% per annum; maturing June 26, 2024; secured by assignment of tobacco fees	738,804	784,890
First Nation Finance Authority: Repayable at \$4,032 per month plus interest at 2.985% per annum; maturing June 26, 2024; secured by assignment of tobacco fees	943,729	1,001,077
Nuu-cha-nulth Economic Development Corporation: Repayable at \$1,679 per month plus interest at prime plus 2.00% per annum; maturing June 1, 2029; secured by general security agreement	64,293	126,208
	<u>\$ 8,584,291</u>	<u>\$ 9,193,272</u>

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2022

13. Long Term Debt (continued):

Interest expense on long term debt for the year ended March 31, 2022 is \$249,926 (2021 - \$274,394). Scheduled principal repayments for the next five years and thereafter is estimated as follow:

2023	\$ 1,720,254
2024	1,679,380
2025	3,296,496
2026	556,683
2027 and Thereafter	1,331,478

Repayments on the Royal Bank of Canada Facility #4 have been calculated under the assumption that it will continue to be renewed and repaid consistent with the current year.

14. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2022	2021
Land	3,078,303	660,432	-	3,738,735	-	-	-	-	3,738,735	3,078,303
Buildings	9,925,387	2,782,261	-	12,707,648	2,515,162	265,820	-	2,780,982	9,926,666	7,410,225
<i>Infrastructures:</i>										
Subdivisions	12,545,957	796,666	-	13,342,623	3,322,785	313,890	-	3,636,675	9,705,948	9,223,172
Roads	2,099,638	3,063	-	2,102,701	1,069,814	83,119	-	1,152,933	949,768	1,029,824
Water Systems	6,247,957	218,430	-	6,466,387	436,624	158,474	-	595,098	5,871,289	5,811,333
Sewer Systems	218,456	-	-	218,456	119,951	5,461	-	125,412	93,044	98,505
Vehicle & Vessels	592,301	69,349	-	661,650	348,310	60,859	-	409,169	252,481	243,991
Equipment	487,319	239,156	-	726,475	145,797	50,527	-	196,324	530,151	341,522
Office Equipment	94,247	33,978	-	128,225	70,651	37,138	-	107,789	20,436	23,596
Computer										
Equipment	173,176	119,510	-	292,686	85,437	38,964	-	124,401	168,285	87,739
Elders Housing	2,112,589	7,115	-	2,119,704	160,021	53,125	-	213,146	1,906,558	1,952,568
Total	<u>37,575,330</u>	<u>4,929,960</u>	<u>-</u>	<u>42,505,290</u>	<u>8,274,552</u>	<u>1,067,377</u>	<u>-</u>	<u>9,341,929</u>	<u>33,163,361</u>	<u>29,300,778</u>

15. Contingent Liabilities and Commitments:

- The Nation has entered into contribution agreements with the Indigenous Services Canada and various other federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.
- The Nation is contingently liable for \$5,268,617 (2021 - \$5,533,535) with respect to its guarantee of loans made by Canada Mortgage and Housing Corporation to band members for homes built on reserve.
- The Nation has various ongoing capital projects that may result in the Nation incurring additional costs with respect to the budgeted contract amount as a result of changes to the scope of work during the contract from change orders or alternative issues, resulting in the Nation being responsible for the payment of additional unplanned amounts.
- The Nation entered into a long term contract for construction of a building. As of March 31, 2022, there remains contract costs to the Nation totaling \$1,174,872. This contract will be completed in fiscal 2023.
- The Nation may be contingently liable for a claim by an individual for wrongful rejection of a membership application. The outcome of the claim is not determinable as at the financial statement date. As a result, no amount has been accrued in the financial statements in the year ending March 31, 2022.

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2022

16. Liability for Contaminated Site:

A lot on Quinsam Reserve previously occupied by a tenant has been identified as containing possible contamination. Insufficient information is available to conclude on the extent of contamination, if any. Due to uncertainties surrounding contamination, it is not possible to determine the costs to remediate. A liability has not been recognized in the year ended March 31, 2022 as sufficient information is not yet available to measure the potential liability.

17. Schedule of Expenses by Object:

	<u>2022</u>	<u>2021</u>
Amortization and Loss on Disposal of Assets	\$ 1,067,377	\$ 955,234
Direct Member Benefit	895,453	957,930
Construction	27,373	2,740
Consulting and Professional Fees	590,013	358,618
Donations	70,063	72,104
Honoraria	415,823	253,600
Insurance	110,999	126,335
Interest and Bank Charges	262,755	283,885
Land Lease	20,891	33,353
Legal	446,592	411,471
Material and Supplies	373,984	426,769
Office and Sundry	110,480	155,800
Subcontract	521,077	546,235
Social Programs	366,676	356,835
Repairs and Maintenance	322,293	326,802
Tuition	1,855,638	1,597,141
Training	4,881	21,499
Travel	65,000	71,076
Utilities and Telephone	406,324	476,610
Wages and Benefits	<u>2,484,498</u>	<u>2,070,035</u>
	<u>\$ 10,418,190</u>	<u>\$ 9,504,072</u>

18. Economic Dependence:

The Nation receives a significant portion of its revenues from ISC as a result of agreements entered into with the Government of Canada. These agreements are administered by ISC under the terms and conditions of the *Indian Act*. The ability of the Nation to continue operations is dependant upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

19. Budget Figures:

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council and have not been audited.

Notes to the Financial Statements

March 31, 2022

20. Subsequent Events:

- a) On May 10, 2022, the Nation received a mortgage from RBC totaling \$3,230,827 to finance a building that was constructed in the year ending March 31, 2022. The mortgage will be repaid in monthly installments of \$27,500 at an interest rate of prime plus 0.25% over a period of 150 months.
- b) On June 16, 2022, a settlement offer was presented to the Nation by the Government of Canada to settle the Rebecca Spit - Drew Harbour IR9 Specific Claim for \$15,000,000 subject to approval by the Nation's membership.
- c) The Nation entered into commercial lease agreements with two tenants with commencement dates beginning subsequent to March 31, 2022. The lease agreements stipulate that the tenants will pre-pay rent for the lease terms ranging from 50 - 55 years. As a result, the Nation's liabilities will increase by a total of \$2,707,898 when the prepaid rents are received. Annual rent for each lease will reduce the liability and be recognized as rental income.

21. Segment Disclosure:

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed in Schedule 1 to the financial statements.

Core Government

Core Government contains activities that are needed to manage and administer the Nation's organization.

Health

Health contains activities that provide health services, medical services, financial support or support by other means to members that is aimed at developing both the individual as well as the community.

Community Development

Community Development contains all activities that are involved in the development of the community and operation of community activities and operations.

Economic Development

Economic Development contains activities that are involved in the development and the operation of economic opportunities for the Nation including its business interest.

Housing

Housing contains activities that relate to on reserve housing.

Capital

Capital represents amounts spent on the betterment of the Nation's capital assets, either through repairs and maintenance or general capital purchases.

For each segment separately reported, the segment revenue and expense represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

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Schedule 1 - Segment Disclosure March 31, 2022

	Core Government	Health	Community Development	Economic Development	Housing	Capital Fund	Trust and Reserve Funds	Enterprise Funds	2022 Total	2021 Total
Revenue										
ISC	\$ 5,111,697	\$ 247,434	\$ 423,687	\$ 150,300	\$ 124,523	\$ 1,145,295	\$ -	\$ -	\$ 7,202,936	\$ 5,744,692
Other Revenue	3,480,879	308,499	303,573	1,560,616	163,222	309,184	165,146	6,048,449	12,339,568	7,427,129
	8,592,576	555,933	727,260	1,710,916	287,745	1,454,479	165,146	6,048,449	19,542,504	13,171,821
Less: Inter-Program Charges	(109,952)	-	-	(64,500)	-	-	-	-	(174,452)	(147,354)
	8,482,624	555,933	727,260	1,646,416	287,745	1,454,479	165,146	6,048,449	19,368,052	13,024,467
Expenses										
Other	4,707,964	163,964	1,117,112	1,141,735	207,268	3,907,215	725,469	-	11,970,727	7,689,461
Wages and Benefits	1,303,116	828,027	188,698	164,657	-	-	-	-	2,484,498	2,178,351
	6,011,080	991,991	1,305,810	1,306,392	207,268	3,907,215	725,469	-	14,455,225	9,867,812
Less: Capital Purchases	(253,524)	(156,132)	(43,240)	(119,509)	-	(3,697,123)	(660,432)	-	(4,929,960)	(1,171,620)
Less: Inter-Program Charges	(94,083)	(44,259)	(7,200)	(21,710)	(7,200)	-	-	-	(174,452)	(147,354)
Amortization of Assets	-	-	-	-	-	-	-	-	1,067,377	955,234
	5,663,473	791,600	1,255,370	1,165,173	200,068	210,092	65,037	-	10,418,190	9,504,072
Annual Surplus (Deficit)	\$ 2,819,151	\$ (235,667)	\$ (528,110)	\$ 481,243	\$ 87,677	\$ 1,244,387	\$ 100,109	\$ -	\$ 8,949,862	\$ 3,520,395