

WE WAI KAI NATION
Consolidated Financial Statements
March 31, 2023

WE WAI KAI NATION

Consolidated Financial Statements

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Year Ended March 31, 2023

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WE WAI KAI NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2023

The accompanying consolidated financial statements of the We Wai Kai Nation as at March 31, 2023 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.



Ronnice Krug, CPA, CGA
Chief Financial Officer

July 20, 2023



INDEPENDENT AUDITOR'S REPORT

To the 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, 2023, 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, 2023, 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.

Chan Novosad Boates Inc

Chartered Professional Accountants
Campbell River, BC

July 20, 2023

WE WAI KAI NATION

Consolidated Statement of Financial Position

March 31, 2023

2023

2022

FINANCIAL ASSETS

Cash and Cash Equivalents (Note 3)	\$ 13,304,148	\$ 10,734,966
Restricted Cash (Note 4)	462,028	405,016
Trust Funds Held by Federal Government	2,621	2,594
Accounts Receivable (Note 5)	13,725,215	2,344,322
Inventory (Note 6)	20,201	38,794
Due from Government Business Enterprises (Note 7)	18,047,874	13,099,295
Portfolio Investments (Note 8)	384,690	384,690
Investment in Government Business Enterprises (Note 9)	<u>17,943,490</u>	<u>11,544,291</u>
	<u>63,890,267</u>	<u>38,553,968</u>

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 10)	1,747,714	1,134,266
Employee Benefit Obligations (Note 11)	125,430	84,066
Deposits (Note 12)	8,000	23,000
Deferred Revenue (Note 13)	16,865,531	1,655,848
Long Term Debt (Note 14)	<u>9,377,134</u>	<u>8,584,291</u>
	<u>28,123,809</u>	<u>11,481,471</u>

NET FINANCIAL ASSETS

35,766,458 27,072,497

NON-FINANCIAL ASSETS

Prepaid Expenses and Deposits	287,922	982,055
Tangible Capital Assets (Note 15)	<u>35,849,217</u>	<u>33,163,361</u>
	<u>36,137,139</u>	<u>34,145,416</u>

ACCUMULATED SURPLUS

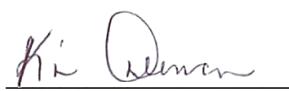
\$ 71,903,597 \$ 61,217,913

Contingent Liabilities and Commitments **(Note 16)**

Approved by:



Chief



Councilor

WE WAI KAI NATION

Consolidated Statement of Operations

Year Ended March 31, 2023

	2023		2022
	Actual	Budget (Note 19)	
Revenues			
Indigenous Services Canada (ISC)	\$ 6,764,949	\$ 7,727,613	\$ 7,202,936
Province of British Columbia	2,215,622	1,852,415	991,452
First Nation Health Authority	702,938	657,138	321,653
Canada Mortgage Housing Corporation	80,466	98,000	77,397
North Vancouver Island Aboriginal Training Society	95,301	109,030	105,913
Kwakiutl District Council	83,600	83,600	84,332
First Nations Education Steering Committee	245,668	66,355	244,686
BC Hydro	2,653,084	243,083	233,811
Income from Government Business Enterprises	3,190,789	-	5,733,208
Taxation	128,041	132,527	93,078
Lease and Rental Income	837,315	716,462	482,641
Tobacco Sales and Fees	134,613	171,000	170,531
Travel and Expense Recoveries	538,850	106,560	382,983
Interest	897,576	106,000	653,330
Other	<u>5,151,349</u>	<u>1,857,741</u>	<u>2,590,101</u>
	<u>23,720,161</u>	<u>13,927,524</u>	<u>19,368,052</u>
Expenditures (Note 17)			
Core Government	6,503,659	6,840,456	5,663,473
Health	962,503	1,211,314	791,600
Community Development	1,390,530	852,171	1,255,370
Economic Development	1,720,957	2,141,550	1,165,173
Housing	205,030	143,451	200,068
Capital	622,808	2,956,063	210,092
Trust and Reserves	473,579	523,350	65,037
Amortization and Loss on Disposal of Assets	<u>1,155,411</u>	<u>-</u>	<u>1,067,377</u>
	<u>13,034,477</u>	<u>14,668,355</u>	<u>10,418,190</u>
Annual Surplus	10,685,684	<u>(740,831)</u>	8,949,862
Accumulated Surplus - Beginning of Year		<u>61,217,913</u>	<u>52,268,051</u>
Accumulated Surplus - End of Year	<u>\$ 71,903,597</u>		<u>\$ 61,217,913</u>

WE WAI KAI NATION

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2023

2023

2022

Annual Surplus	\$ 10,685,684	\$ 8,949,862
Purchase of Tangible Capital Assets	(3,872,191)	(4,929,960)
Disposal of Tangible Capital Assets	30,924	-
Amortization of Tangible Capital Assets	1,155,411	1,067,377
	(2,685,856)	(3,862,583)
Net Use (Acquisition) of Prepaid Asset	694,133	(798,400)
Increase in Net Financial Assets	8,693,961	4,288,879
Net Financial Assets - Beginning of Year	<u>27,072,497</u>	<u>22,783,618</u>
Net Financial Assets - End of Year	<u>\$ 35,766,458</u>	<u>\$ 27,072,497</u>

WE WAI KAI NATION

Consolidated Statement of Cash Flows

Year Ended March 31, 2023

2023

2022

Cash Flows From Operating Activities:

Cash Received from ISC and Other Sources	\$ 24,343,162	\$ 13,356,499
Cash Paid to Suppliers and Employees	<u>(10,511,528)</u>	<u>(10,047,586)</u>
	<u>13,831,634</u>	<u>3,308,913</u>

Cash Flows From Financing Activities:

Proceeds from Long Term Debt	3,736,182	431,123
Repayment of Long Term Debt	(2,943,339)	(1,040,104)
Transfer from (to) FNFA Debt Reserve Fund	(29,892)	120,928
Transfer from (to) Social Housing Reserve Funds	(27,120)	14,659
	<u>735,831</u>	<u>(473,394)</u>

Cash Flows From Investing Activities:

Net Distributions from (Investment in) Government Business Enterprises	(3,208,410)	1,872,712
Advances from (to) Government Business Enterprises	(4,948,579)	1,856,653
Transfer to Ottawa Trust Fund	(27)	-
	<u>(8,157,016)</u>	<u>3,729,365</u>

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	(3,872,191)	(4,929,960)
Proceeds from Sale of Tangible Capital Assets	30,924	-
	<u>(3,841,267)</u>	<u>(4,929,960)</u>

Increase in Cash and Cash Equivalents

2,569,182

1,634,924

Cash and Cash Equivalents - Beginning of Year

10,734,966

9,100,042

Cash and Cash Equivalents - End of Year

\$ 13,304,148

\$ 10,734,966

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2023

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.

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2023

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, 2023

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, 2023.

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, 2023 no liability for contaminated sites exists.

k) Segment Disclosures

A segment is defined as a distinguishable activity or 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.

l) Asset Retirement Obligations

The Nation recognizes a liability for an asset retirement obligation when there is legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date.

2. Change in Accounting Policy:

On April 1, 2022, the Nation adopted Public Accounting Standard PS 3280 - Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets. The Nation determined that at both April 1, 2021 and April 1, 2022, it did not have any tangible capital assets that would result in an asset retirement obligation.

3. Cash and Cash Equivalents:

Cash and Cash Equivalents is comprised of the following:

	<u>2023</u>	<u>2022</u>
Unrestricted		
Operating	\$ 11,272,186	\$ 3,788,671
Savings	1,293,695	1,269,759
Guaranteed Investment Certificates	634,357	1,934,357
	<u>13,200,238</u>	<u>6,992,787</u>
Internally Restricted Cash		
IBA Account	-	3,685,615
FCARS Account	<u>103,910</u>	<u>56,564</u>
	<u>103,910</u>	<u>3,742,179</u>
	<u><u>\$ 13,304,148</u></u>	<u><u>\$ 10,734,966</u></u>

The Guaranteed Investment Certificate ("GIC") balance includes \$634,357 accruing interest at 2.65% per annum, maturing July 23, 2023.

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, 2023, the Nation has \$200,000 of the credit facility available.

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2023

4. Restricted Cash:

Restricted Cash is comprised of the following:

	<u>2023</u>	<u>2022</u>
First Nation Finance Authority		
Secured Revenues Trust Account	\$ 93,737	\$ 75,618
Debt Reserve Fund	<u>225,036</u>	<u>213,263</u>
	<u>318,773</u>	<u>288,881</u>
Social Housing		
Operating Reserve - Phase 1	48,112	39,218
Replacement Reserve - Phase 1	45,170	36,621
Operating Reserve - Phase 2	15,140	13,892
Replacement Reserve - Phase 2	<u>34,833</u>	<u>26,404</u>
	<u>143,255</u>	<u>116,135</u>
	<u><u>\$ 462,028</u></u>	<u><u>\$ 405,016</u></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.

5. Accounts Receivable:

	<u>2023</u>	<u>2022</u>
Due from Members		
User Fees	\$ 28,546	\$ 223,806
Loans	74,375	68,531
Allowance for Doubtful Accounts	<u>(28,025)</u>	<u>(246,399)</u>
	<u><u>74,896</u></u>	<u><u>45,938</u></u>
Due from Others		
CMHC	3,030	3,030
Nuyumbalees Society	280,334	240,480
Other	<u>13,699,360</u>	<u>2,352,857</u>
	<u><u>13,982,724</u></u>	<u><u>2,596,367</u></u>
Allowance for Doubtful Accounts	<u>(332,405)</u>	<u>(297,983)</u>
	<u><u>13,650,319</u></u>	<u><u>2,298,384</u></u>
Net Accounts Receivable	<u><u>\$ 13,725,215</u></u>	<u><u>\$ 2,344,322</u></u>

Included in Due from Others are \$229,877 due from A-Tlegay Fisheries Society, \$40,000 due from Laich-Kwil-Tach Environmental Assessment Limited Partnership, \$1,200 due from Laich-Kwil-Tach Treaty Society, \$60,126 due from Quinsam LFRC Ltd. Partnership, \$10,802 due from Quinsam Liquor Store Ltd., \$152,479 due from Quinsam Service Station Partnership and \$53,520 due from Cape Mudge Resort Ltd. These entities are related by virtue of Government Business Enterprises of the Nation.

WE WAI KAI NATION

Notes to the Financial Statements March 31, 2023

6. Inventory:

	<u>2023</u>	<u>2022</u>
Materials and Supplies	\$ -	\$ 27,904
Tobacco Products	<u>20,201</u>	<u>10,890</u>
	<u>\$ 20,201</u>	<u>\$ 38,794</u>

7. Due (to) from Government Business Enterprises:

	<u>2023</u>	<u>2022</u>
1012577 BC Ltd.	\$ 2,695,441	\$ 2,696,680
Cape Mudge Campsites Ltd.	(415,758)	4,591
Cape Mudge Resort Ltd.	1,121,144	1,047,408
Comox Valley Shakes (2019) Ltd.	11,053,658	8,855,410
WWK&P Holdings Ltd.	1,289	45,146
Quinsam Service Station Partnership	(13,450)	210,633
WWK Forestry Limited Partnership	1,097,709	24,962
WWK Forestry (LPGP) Ltd.	50,000	50,000
WWK Marine Terminals Limited Partnership	(49,368)	164,465
Way Key Limited Partnership	2,370,577	-
1246672 BC Ltd.	115,788	-
Laich-Kwil-Tach Health Society	20,844	-
	<u>\$ 18,047,874</u>	<u>\$ 13,099,295</u>

8. Portfolio Investments:

The Nation's portfolio investments consists of the following:

	<u>2023</u>	<u>2022</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	<u>110</u>	<u>110</u>
	<u>\$ 384,690</u>	<u>\$ 384,690</u>

9. Investment in Government Business Enterprises:

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

	<u>2023</u>	<u>2022</u>
Investments in Business Enterprises		
1012577 BC Ltd.	\$ 1	\$ 1
Cape Mudge Campsites Ltd.	967,738	727,658
Cape Mudge Forestry Ltd.	1	1
Cape Mudge Resort Ltd.	1	1
Quinsam Liquor Store Ltd.	1,158,701	1,070,545
Comox Valley Shakes (2019) Ltd.	3,063,791	2,876,744
WWK Forestry (LPGP) Ltd.	<u>7,540</u>	<u>6,415</u>
	<u>\$ 5,197,773</u>	<u>\$ 4,681,365</u>

WE WAI KAI NATION

Notes to the Financial Statements March 31, 2023

9. Investment in Government Business Enterprises (continued):

Investments and Earnings in Business Partnerships

A-Tlegay Fisheries Limited Partnership	2,166,583	1,774,141
Laich Kwil Tach Wood Trucking Joint Venture	40,259	129,550
Laich-Kwil-Tach Environmental Assessment Partnership	1,352,027	1,082,470
Quinsam LFRC Limited Partnership	6,705	17,682
Quinsam Services Station Partnership	3,309,107	3,200,485
WWK Forestry Limited Partnership	730,285	477,123
WWK Marine Terminals Limited Partnership	130,714	181,475
Bryden Road (Kelowna) Limited Partnership	<u>5,010,037</u>	<u>-</u>
	<u>12,745,717</u>	<u>6,862,926</u>
	<u>\$ 17,943,490</u>	<u>\$ 11,544,291</u>

	Retail Goods and Services Businesses	Natural Resource Businesses	Industrial Businesses	Total 2023	Total 2022
Total Assets	\$ 9,686,271	\$ 22,130,394	\$ 23,084,770	\$ 54,901,435	\$ 40,884,748
Total Liabilities	6,107,806	13,448,888	20,260,008	39,816,702	28,773,024
Total Equity (Deficit)	<u>3,578,465</u>	<u>8,681,506</u>	<u>2,824,762</u>	<u>15,084,733</u>	<u>12,111,724</u>
Total Liabilities and Equity	<u>\$ 9,686,271</u>	<u>\$ 22,130,394</u>	<u>\$ 23,084,770</u>	<u>\$ 54,901,435</u>	<u>\$ 40,884,748</u>
Revenue	34,332,324	3,181,960	14,470,970	51,985,254	44,260,143
Expenses	<u>32,308,884</u>	<u>1,498,207</u>	<u>10,506,276</u>	<u>44,313,367</u>	<u>37,550,664</u>
Net Income	<u>\$ 2,023,440</u>	<u>\$ 1,683,753</u>	<u>\$ 3,964,694</u>	<u>\$ 7,671,887</u>	<u>\$ 6,709,479</u>

10. Accounts Payable and Accrued Liabilities:

	2023	2022
Trade Payables	\$ 1,192,844	\$ 698,355
Wages Payable	142,226	103,198
Government Remittances Payable	169,269	3,007
Other	<u>243,375</u>	<u>329,706</u>
	<u>\$ 1,747,714</u>	<u>\$ 1,134,266</u>

Included in Trade Payables are \$76,250 due to A-Tlegay Fisheries Society and \$5,892 due to Quinsam Service Station Partnership, both related parties by virtue of Government Business Enterprises of the Nation.

11. Employee Benefit Obligations:

	2023	2022
Vacation and Overtime	\$ 102,967	\$ 80,672
Pension Plan Contributions	<u>22,463</u>	<u>3,394</u>
	<u>\$ 125,430</u>	<u>\$ 84,066</u>

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.

WE WAI KAI NATION

Notes to the Financial Statements March 31, 2023

11. Employee Benefit Obligations (continued):

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 \$128,146 (2022 - \$77,405) during the year for retirement benefits. The Nation does not have any other obligations with regards to the pension plan as at March 31, 2023.

12. Deposits:

	<u>2023</u>	<u>2022</u>
Housing Application Deposits	\$ 8,000	\$ 23,000

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.

13. Deferred Revenue:

	<u>2022</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>2023</u>
ISC - Community Based Initiative	\$ 102,388	\$ -	\$ 102,388	\$ -
ISC - Acres	-	43,844	-	43,844
ISC - Wastewater	30,454	-	30,454	-
ISC - Watersystems	-	60,475	58,992	1,483
ISC - Service Delivery	3,914	-	3,914	-
ISC - Community Based Initiative Retroactive	295,832	1,438,682	-	1,734,514
ISC - Negotiation Preparedness	2,386	-	2,386	-
ISC - New Housing	128,673	85,782	128,673	85,782
ISC - Post Secondary	-	81,788	57,400	24,388
BC Hydro	-	457,500	-	457,500
Property Lease Revenue	1,092,201	2,271,216	92,338	3,271,079
Province of BC - ITA Funding	-	10,764,000	-	10,764,000
Province of BC - Misc	-	30,000	-	30,000
First Peoples Cultural Council	-	117,668	-	117,668
First Nations Early Learning	-	266,204	-	266,204
Nanwakolas	-	33,333	-	33,333
Government of Canada Active Transportation	-	27,122	-	27,122
Elders Funding	-	5,000	-	5,000
Western Forest Products	-	3,614	-	3,614
	<u>\$ 1,655,848</u>	<u>\$ 15,686,228</u>	<u>\$ 476,545</u>	<u>\$ 16,865,531</u>

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2023

14. Long Term Debt:

	<u>2023</u>	<u>2022</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	\$ 89,896
Tale'awtxw Aboriginal Capital Corporation: Repayable at \$5,612 per month including interest at 8.0%; repaid during the year	- -	323,233
Royal Bank of Canada - Facility #2: Repayable at \$13,173 per month including interest at prime per annum; maturing September 30, 2023; secured by general security agreement	1,616,351	1,690,736
Royal Bank of Canada - Facility #3: Repayable at \$33,227 per month including interest at prime per annum; maturing November 15, 2035; secured by general security agreement; repaid on April 18, 2023	3,643,143	- -
Royal Bank of Canada - Facility #4: Repayable at \$56,442 per month including interest at prime per annum; repaid during the year	- -	2,213,114
CMHC - Phase 1: Repayable at \$4,272 per month including interest at 3.55% per annum; for renewal on October 1, 2027; secured by buildings with a net book value of \$971,994 (2022 - \$1,000,494)	724,343	752,111
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 \$874,324 (2022 - \$906,064)	714,741	742,656
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	966,959	1,025,719
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	690,874	738,804
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	884,661	943,729
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	<u>46,166</u>	<u>64,293</u>
	<u>\$ 9,377,134</u>	<u>\$ 8,584,291</u>

WE WAI KAI NATION

Notes to the Financial Statements March 31, 2023

14. Long Term Debt (continued):

Interest expense on long term debt for the year ended March 31, 2023 is \$489,943 (2022 - \$257,445). Scheduled principal repayments for the next five years and thereafter is estimated as follow:

2024	\$ 1,089,962
2025	4,185,704
2026	299,144
2027	211,618
2028 and thereafter	3,590,706

15. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2023	2022
Land	\$ 3,738,735	\$ -	\$ -	\$ 3,738,735	\$ -	\$ -	\$ -	\$ -	\$ 3,738,735	\$ 3,738,735
Buildings	12,707,648	1,581,505	-	14,289,153	2,780,982	331,010	-	3,111,992	11,177,161	9,926,666
<i>Infrastructures:</i>										
Subdivisions	13,342,623	1,378,128	-	14,720,751	3,636,675	333,806	-	3,970,481	10,750,270	9,705,948
Roads	2,102,701	5,209	-	2,107,910	1,152,933	78,804	-	1,231,737	876,173	949,768
Water Systems	6,466,387	367,117	-	6,833,504	595,098	161,660	-	756,758	6,076,746	5,871,289
Sewer Systems	218,456	26,589	-	245,045	125,412	5,461	-	130,873	114,172	93,044
Vehicle & Vessels	661,650	130,123	34,149	757,624	409,169	52,799	3,225	458,743	298,881	252,481
Equipment	726,475	361,538	-	1,088,013	196,324	83,191	-	279,515	808,498	530,151
Office Equipment	128,225	-	-	128,225	107,789	2,711	-	110,500	17,725	20,436
Computer Equipment	292,686	21,982	-	314,668	124,401	52,666	-	177,067	137,601	168,285
Elders Housing	2,119,704	-	-	2,119,704	213,146	53,303	-	266,449	1,853,255	1,906,558
Total	\$ 42,505,290	\$ 3,872,191	\$ 34,149	\$ 46,343,332	\$ 9,341,929	\$ 1,155,411	\$ 3,225	\$ 10,494,115	\$ 35,849,217	\$ 33,163,361

16. Contingent Liabilities and Commitments:

- a) 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.
- b) The Nation is contingently liable for \$5,372,662 (2022 - \$5,268,617) with respect to its guarantee of loans made by Canada Mortgage and Housing Corporation to band members for homes built on reserve.
- c) 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.

WE WAI KAI NATION

Notes to the Financial Statements March 31, 2023

17. Schedule of Expenses by Object:

	<u>2023</u>	<u>2022</u>
Amortization and Loss on Disposal of Assets	\$ 1,155,411	\$ 1,067,377
Construction, Materials and Supplies	1,093,350	922,434
Consulting and Professional Fees	673,327	590,013
Direct Member Benefit	1,255,340	895,453
Donations	78,013	70,063
Honoraria	600,194	415,823
Insurance	156,333	110,999
Interest and Bank Charges	11,174	5,310
Interest on Long-Term Debt	485,362	257,445
Land Lease	26,015	20,891
Legal	348,059	446,592
Office and Sundry	364,962	110,480
Repairs and Maintenance	750,668	322,293
Social Programs	345,351	366,676
Training	9,043	4,881
Travel	130,082	65,000
Tuition	1,872,930	1,855,638
Utilities and Telephone	684,182	406,324
Wages and Benefits	<u>2,994,681</u>	<u>2,484,498</u>
	<u>\$ 13,034,477</u>	<u>\$ 10,418,190</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.

20. Subsequent Events:

- a) On April 18, 2023, the Nation repaid a mortgage from RBC totaling \$3,615,417 that was used to finance a building that began construction in the year ended March 31, 2022 and completed during the year.
- b) On April 3, 2023, a settlement offer to the Nation by the Government of Canada to settle the Rebecca Spit - Drew Harbour IR9 Specific Claim for \$15,000,000 was authorized for transfer to the Nation. The settlement was received in full on May 8, 2023.

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2023

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.

22. Comparative Figures:

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

WE WAI KAI NATION

Schedule 1 - Segment Disclosure March 31, 2023

	Core Government	Health	Community Development	Economic Development	Housing	Capital Fund	Trust and Reserve Funds	Enterprise Funds	2023 Total	2022 Total
Revenue										
ISC	\$ 4,256,659	\$ 1,120,966	\$ 398,363	\$ 237,467	\$ 128,673	\$ 622,821	\$ 227,229	\$ 6,764,949	\$ 7,202,936	
Other Revenue	<u>3,888,241</u>	<u>1,128,640</u>	<u>3,072,700</u>	<u>3,673,824</u>	<u>167,992</u>	<u>1,058,325</u>	<u>227,229</u>	<u>3,934,328</u>	<u>17,151,279</u>	<u>12,339,568</u>
Less: Inter-Program Charges	<u>(120,667)</u>	<u>-</u>	<u>3,471,063</u>	<u>3,911,291</u>	<u>296,665</u>	<u>1,681,146</u>	<u>227,229</u>	<u>3,934,328</u>	<u>23,916,228</u>	<u>19,542,504</u>
	<u>8,024,233</u>	<u>2,249,606</u>	<u>3,471,063</u>	<u>(75,400)</u>	<u>-</u>	<u>296,665</u>	<u>1,681,146</u>	<u>227,229</u>	<u>(196,067)</u>	<u>(174,452)</u>
Expenses										
Other	5,456,851	267,003	1,108,476	1,503,332	212,230	3,931,172	473,579	-	12,952,643	11,970,727
Wages and Benefits	<u>1,716,855</u>	<u>745,859</u>	<u>289,857</u>	<u>242,110</u>	<u>-</u>	<u>3,931,172</u>	<u>473,579</u>	<u>-</u>	<u>2,994,681</u>	<u>2,484,498</u>
Less: Capital Purchases	<u>7,173,706</u>	<u>1,012,862</u>	<u>1,398,333</u>	<u>1,745,442</u>	<u>212,230</u>	<u>3,931,172</u>	<u>473,579</u>	<u>-</u>	<u>15,947,324</u>	<u>14,455,225</u>
Less: Inter-Program Charges	<u>(563,827)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,308,364)</u>	<u>-</u>	<u>-</u>	<u>(3,872,191)</u>	<u>(4,929,960)</u>
Amortization of Assets	<u>(106,220)</u>	<u>(50,359)</u>	<u>(7,803)</u>	<u>(24,485)</u>	<u>(7,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(196,067)</u>	<u>(174,452)</u>
	<u>6,503,659</u>	<u>962,503</u>	<u>1,390,530</u>	<u>1,720,957</u>	<u>-</u>	<u>205,030</u>	<u>622,808</u>	<u>473,579</u>	<u>-</u>	<u>1,155,411</u>
										<u>1,067,377</u>
										<u>13,034,477</u>
										<u>10,418,190</u>
Annual Surplus (Deficit)										
	<u>\$ 1,520,574</u>	<u>\$ 1,287,103</u>	<u>\$ 2,080,533</u>	<u>\$ 2,114,934</u>	<u>\$ 91,635</u>	<u>\$ 1,058,338</u>	<u>\$ (246,350)</u>	<u>\$ 10,685,684</u>	<u>\$ 8,949,862</u>	