

WE WAI KAI NATION
Consolidated Financial Statements
March 31, 2024

WE WAI KAI NATION

Consolidated Financial Statements

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Year Ended March 31, 2024

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WE WAI KAI NATION
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
March 31, 2024

The accompanying consolidated financial statements of the We Wai Kai Nation as at and for the year ended March 31, 2024 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.



Romelice Krug, CPA, CGA
Chief Financial Officer

July 29, 2024



INDEPENDENT AUDITORS' 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, 2024, 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, 2024, 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.

Cham Nasrwanji Boates Inc

Chartered Professional Accountants
Courtenay, BC

July 29, 2024

WE WAI KAI NATION

Consolidated Statement of Financial Position

March 31, 2024

2024

2023

FINANCIAL ASSETS

Cash and Cash Equivalents (Note 2)	\$ 19,702,653	\$ 13,304,148
Restricted Cash (Note 3)	2,198,018	462,028
Trust Funds Held by Federal Government	-	2,621
Accounts Receivable (Note 4)	3,001,595	13,893,026
Inventory (Note 5)	17,945	20,201
Due from Government Business Enterprises (Note 6)	38,849,731	18,047,874
Portfolio Investments (Note 7)	384,690	384,690
Investment in Government Business Enterprises (Note 8)	<u>45,716,949</u>	<u>17,943,490</u>
	109,871,581	64,058,078

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 9)	2,159,136	1,915,525
Employee Benefit Obligations (Note 10)	148,799	125,430
Deposits (Note 11)	5,500	8,000
Deferred Revenue (Note 12)	7,300,163	16,865,531
Minors' Trust Fund (Note 13)	775,530	-
Long Term Debt (Note 14)	<u>31,981,972</u>	<u>9,377,134</u>
	42,371,100	28,291,620

NET FINANCIAL ASSETS

NON-FINANCIAL ASSETS

Prepaid Expenses and Deposits	314,358	287,922
Tangible Capital Assets (Note 15)	<u>38,882,650</u>	<u>35,849,217</u>
	<u>39,197,008</u>	<u>36,137,139</u>

ACCUMULATED SURPLUS

\$ 106,697,489

\$ 71,903,597

Contingent Liabilities and Commitments (Note 16)

Approved by:

 John C. H. Smith
Chief

Ki Damon
Councilor

WE WAI KAI NATION

Consolidated Statement of Operations

Year Ended March 31, 2024

	2024		2023
	Actual	Budget (Note 19)	
Revenues			
Indigenous Services Canada (ISC)	\$ 5,636,771	\$ 7,864,783	\$ 6,764,949
Province of British Columbia	13,538,843	2,767,614	2,215,622
First Nation Health Authority	716,735	211,844	702,938
Canada Mortgage Housing Corporation	228,442	81,000	80,466
North Vancouver Island Aboriginal Training Society	124,156	111,740	95,301
Crown Indigenous Relations and Northern Affairs Canada	15,000,000	15,000,000	-
Kwakiutl District Council	83,600	-	83,600
First Nations Education Steering Committee	254,532	79,717	245,668
BC Hydro	1,744,063	325,505	2,653,084
Income from Government Business Enterprises	12,666,987	-	3,190,789
Taxation	191,779	203,499	128,041
Lease and Rental Income	1,106,281	1,098,572	837,315
Tobacco Sales and Fees	112,258	136,500	134,613
Travel and Expense Recoveries	989,990	61,560	538,850
Interest	1,811,542	277,700	897,576
Other	2,484,720	1,680,390	5,151,349
	<u>56,690,699</u>	<u>29,900,424</u>	<u>23,720,161</u>
Expenditures (Note 17)			
Core Government	3,356,639	6,722,507	6,503,659
Health	1,331,287	1,553,180	962,503
Community Development	6,701,151	5,768,176	1,390,530
Economic Development	3,580,968	1,300,022	1,720,957
Housing	374,151	92,350	205,030
Capital	5,119,866	4,395,134	622,808
Trust and Reserves	150,951	157,450	473,579
Enterprise	1,835	-	-
Amortization and Loss on Disposal of Assets	<u>1,279,959</u>	<u>-</u>	<u>1,155,411</u>
	<u>21,896,807</u>	<u>19,988,819</u>	<u>13,034,477</u>
Annual Surplus			
	34,793,892	<u>9,911,605</u>	10,685,684
Accumulated Surplus - Beginning of Year			
		71,903,597	61,217,913
Accumulated Surplus - End of Year			
		\$106,697,489	\$ 71,903,597

WE WAI KAI NATION

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2024

2024

2023

Annual Surplus	\$ 34,793,892	\$ 10,685,684
Purchase of Tangible Capital Assets	(4,313,392)	(3,872,191)
Disposal of Tangible Capital Assets	-	30,924
Amortization of Tangible Capital Assets	1,279,959	1,155,411
	(3,033,433)	(2,685,856)
Net Use (Acquisition) of Prepaid Asset	(26,436)	694,133
Increase in Net Financial Assets	31,734,023	8,693,961
Net Financial Assets - Beginning of Year	<u>35,766,458</u>	<u>27,072,497</u>
Net Financial Assets - End of Year	<u>\$ 67,500,481</u>	<u>\$ 35,766,458</u>

WE WAI KAI NATION

Consolidated Statement of Cash Flows

Year Ended March 31, 2024

2024

2023

Cash Flows From Operating Activities:

Cash Received from ISC and Other Sources	\$ 45,179,464	\$ 24,343,162
Cash Paid to Suppliers and Employees	<u>(19,430,707)</u>	<u>(10,511,528)</u>
	<u>25,748,757</u>	<u>13,831,634</u>

Cash Flows From Financing Activities:

Proceeds from Long Term Debt	26,605,300	3,736,182
Repayment of Long Term Debt	(4,000,462)	(2,943,339)
Transfer to FNFA Debt Reserve Fund	(1,708,654)	(29,892)
Transfer to Social Housing Reserve Funds	<u>(27,336)</u>	<u>(27,120)</u>
	<u>20,868,848</u>	<u>735,831</u>

Cash Flows From Investing Activities:

Investment in Government Business Enterprises	(12,761,636)	(3,208,410)
Advances to Government Business Enterprises	(23,146,693)	(4,948,579)
Transfer from (to) Ottawa Trust Fund	<u>2,621</u>	<u>(27)</u>
	<u>(35,905,708)</u>	<u>(8,157,016)</u>

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	(4,313,392)	(3,872,191)
Proceeds from Sale of Tangible Capital Assets	<u>-</u>	<u>30,924</u>
	<u>(4,313,392)</u>	<u>(3,841,267)</u>

Increase in Cash and Cash Equivalents

6,398,505

2,569,182

Cash and Cash Equivalents - Beginning of Year

13,304,148

10,734,966

Cash and Cash Equivalents - End of Year

\$ 19,702,653

\$ 13,304,148

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2024

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., and We Wai Kai Nation Healing Society.

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%)
1246672 BC Ltd. (100%)
Comox Valley Shakes LLP (99.99%)
Quinsam Crossing Coffee Ltd. (100%)
WWK Engineering Limited Partnership (51%)
We Wai Kai Forestry Limited Partnership (99%)
TFL 64 Limited Partnership (35.96%)
La-kwa sa muqw Forestry Limited Partnership (12.24%)

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, 2024

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, 2024

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, 2024.

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, 2024 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. Cash and Cash Equivalents:

Cash and Cash Equivalents is comprised of the following:

	<u>2024</u>	<u>2023</u>
Unrestricted		
Operating	\$ 14,202,205	\$ 11,272,186
Savings	1,353,041	1,293,695
Guaranteed Investment Certificates	<u>3,395,050</u>	<u>634,357</u>
	<u>18,950,296</u>	<u>13,200,238</u>
Internally Restricted Cash		
FCARS Account	<u>752,357</u>	<u>103,910</u>
	<u>\$ 19,702,653</u>	<u>\$ 13,304,148</u>

The Guaranteed Investment Certificate ("GIC") balance includes \$675,405 accruing interest at 4.95% per annum, maturing July 31, 2024 and \$2,719,645 accruing interest at 4.70% per annum, maturing May 2, 2024.

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, 2024, the Nation has \$200,000 of the credit facility available.

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2024

3. Restricted Cash:

Restricted Cash is comprised of the following:

	<u>2024</u>	<u>2023</u>
First Nation Finance Authority		
Secured Revenues Trust Account	\$ 463,197	\$ 93,737
Debt Reserve Fund	1,564,230	225,036
	<u>2,027,427</u>	<u>318,773</u>
Social Housing		
Operating Reserve - Phase 1	51,851	48,112
Replacement Reserve - Phase 1	96,203	45,170
Operating Reserve - Phase 2	22,537	15,140
Replacement Reserve - Phase 2	- <u>170,591</u>	34,833 <u>143,255</u>
	<u>\$ 2,198,018</u>	<u>\$ 462,028</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.

4. Accounts Receivable:

	<u>2024</u>	<u>2023</u>
Due from Members		
User Fees	\$ 4,818	\$ 28,546
Housing Defaults	271,585	74,375
Allowance for Doubtful Accounts	<u>(17,395)</u>	<u>(28,025)</u>
	<u>259,008</u>	<u>74,896</u>
Due from Others		
CMHC	6,450	3,030
Nuyumbalees Society	295,342	280,334
Trade Accounts Receivable	<u>2,783,830</u>	<u>13,867,171</u>
	<u>3,085,622</u>	<u>14,150,535</u>
Allowance for Doubtful Accounts	<u>(343,035)</u>	<u>(332,405)</u>
	<u>2,742,587</u>	<u>13,818,130</u>
Net Accounts Receivable	<u>\$ 3,001,595</u>	<u>\$ 13,893,026</u>

Included in Trade Accounts Receivable are \$119,317 due from A-Tlegay Fisheries Society, \$65,000 due from Laich-Kwil-Tach Environmental Assessment Limited Partnership, \$5,000 due from Laich-Kwil-Tach Treaty Society, \$10,802 due from Quinsam Liquor Store Ltd., \$206,057 due from Quinsam Service Station Partnership, \$42,027 due from Quinsam LFRC Limited Partnership, and \$144,041 due from Way Key Limited Partnership. These entities are related by virtue of Government Business Enterprises of the Nation.

WE WAI KAI NATION

Notes to the Financial Statements March 31, 2024

5. Inventory:

	<u>2024</u>	<u>2023</u>
Tobacco Products	<u>\$ 17,945</u>	<u>\$ 20,201</u>

6. Due (to) from Government Business Enterprises:

	<u>2024</u>	<u>2023</u>
1012577 BC Ltd.	\$ 2,695,343	\$ 2,695,441
Cape Mudge Campsites Ltd.	(558,729)	(415,758)
Cape Mudge Resort Ltd.	1,710,797	1,121,144
Comox Valley Shakes (2019) Ltd.	11,516,029	11,053,658
Comox Valley Shakes Limited Liability Partnership	(520,868)	-
WWK&P Holdings Ltd.	1,849	1,289
Quinsam Liquor Store Ltd.	247,560	-
Quinsam Service Station Partnership	(9,450)	(13,450)
WWK Forestry Limited Partnership	1,780	1,097,709
WWK Forestry (LPGP) Ltd.	50,000	50,000
WWK Marine Terminals Limited Partnership	2,358	(49,368)
Way Key Limited Partnership	-	2,370,577
1246672 BC Ltd.	(386,058)	115,788
Laich-Kwil-Tach Health Society	20,844	20,844
WWK Engineering Limited Partnership	107,118	-
TFL 64 Limited Partnership	(101)	-
Quinsam Crossing Coffee Ltd.	1,021,842	-
We Wai Kai Forestry Limited Partnership	<u>22,949,417</u>	-
	<u>\$ 38,849,731</u>	<u>\$ 18,047,874</u>

7. Portfolio Investments:

The Nation's portfolio investments consists of the following:

	<u>2024</u>	<u>2023</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>

WE WAI KAI NATION

Notes to the Financial Statements March 31, 2024

8. Investment in Government Business Enterprises:

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

	2024	2023			
Investments in Business Enterprises					
1012577 BC Ltd.	\$ 1,174,659	\$ 967,738			
Cape Mudge Campsites Ltd.	5	-			
WWK Engineering GP Ltd.	1	1			
Cape Mudge Forestry Ltd.	1	1			
Cape Mudge Resort Ltd.	1	1			
La-kwa sa muqw Forestry Ltd.	1,224	-			
TFL 64 (GP) Ltd.	1	-			
1223053 B.C. Ltd.	1	-			
Quinsam Liquor Store Ltd.	1,588,346	1,158,701			
Comox Valley Shakes (2019) Ltd.	2,299,039	3,063,791			
WWK Forestry (LPGP) Ltd.	14,846	7,540			
1246672 B.C. Ltd.	882,178	-			
	<u>5,960,300</u>	<u>5,197,773</u>			
Investments and Earnings in Business Partnerships					
A-Tlegay Fisheries Limited Partnership	2,758,122	2,166,583			
Laich Kwil Tach Wood Trucking Joint Venture	41,210	40,259			
Laich-Kwil-Tach Environmental Assessment Partnership	1,543,798	1,352,027			
Quinsam LFRC Limited Partnership	3,427	6,705			
Quinsam Services Station Partnership	3,452,453	3,309,107			
WWK Forestry Limited Partnership	1,365,500	730,285			
WWK Marine Terminals Limited Partnership	32,792	130,714			
Bryden Road (Kelowna) Limited Partnership	5,015,014	5,010,037			
WWK Engineering Limited Partnership	138,999	-			
We Wai Kai Forestry Limited Partnership	8,972,125	-			
Way Key Limited Partnership	2,696,487	-			
Comox Valley Shakes Limited Liability Partnership	466,410	-			
TFL 64 Limited Partnership	346,312	-			
La-kwa sa muqw Forestry Limited Partnership	12,924,000	-			
	<u>39,756,649</u>	<u>12,745,717</u>			
	<u><u>\$ 45,716,949</u></u>	<u><u>\$ 17,943,490</u></u>			
	Retail Goods and Services Businesses	Natural Resource Businesses	Industrial Businesses	Total 2024	Total 2023
Total Assets	<u><u>\$ 15,021,505</u></u>	<u><u>\$ 174,555,277</u></u>	<u><u>\$ 33,798,896</u></u>	<u><u>\$ 223,375,678</u></u>	<u><u>\$ 54,901,435</u></u>
Total Liabilities	9,382,997	47,544,994	25,619,082	82,547,073	39,816,702
Total Equity	<u><u>5,638,508</u></u>	<u><u>127,010,283</u></u>	<u><u>8,179,814</u></u>	<u><u>140,828,605</u></u>	<u><u>15,084,733</u></u>
Total Liabilities and Equity	<u><u>\$ 15,021,505</u></u>	<u><u>\$ 174,555,277</u></u>	<u><u>\$ 33,798,896</u></u>	<u><u>\$ 223,375,678</u></u>	<u><u>\$ 54,901,435</u></u>
Revenue	40,017,020	18,632,992	17,373,250	76,023,262	51,985,254
Expenses	<u><u>37,424,507</u></u>	<u><u>5,825,859</u></u>	<u><u>18,577,392</u></u>	<u><u>61,827,758</u></u>	<u><u>44,313,367</u></u>
Net Income (Loss)	<u><u>\$ 2,592,513</u></u>	<u><u>\$ 12,807,133</u></u>	<u><u>\$ (1,204,142)</u></u>	<u><u>\$ 14,195,504</u></u>	<u><u>\$ 7,671,887</u></u>

WE WAI KAI NATION

Notes to the Financial Statements March 31, 2024

9. Accounts Payable and Accrued Liabilities:

	<u>2024</u>	<u>2023</u>
Trade Payables	\$ 1,480,105	\$ 1,192,844
Wages Payable	206,319	142,226
Government Remittances Payable	21,613	169,269
Other	<u>451,099</u>	<u>411,186</u>
	<u>\$ 2,159,136</u>	<u>\$ 1,915,525</u>

Included in Trade Payables are \$169,823 due to Way Key Limited Partnership, \$3,752 due to Quinsam Service Station Limited Partnership, and \$23,949 due to WWK Engineering Limited Partnership, all related parties by virtue of Government Business Enterprises of the Nation.

10. Employee Benefit Obligations:

	<u>2024</u>	<u>2023</u>
Vacation and Overtime	\$ 101,234	\$ 102,967
Pension Plan Contributions	<u>47,565</u>	<u>22,463</u>
	<u>\$ 148,799</u>	<u>\$ 125,430</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.

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 \$184,895 (2023 - \$128,146) during the year for retirement benefits. The Nation does not have any other obligations with regards to the pension plan as at March 31, 2024.

11. Deposits:

	<u>2024</u>	<u>2023</u>
Housing Application Deposits	<u>\$ 5,500</u>	<u>\$ 8,000</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.

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2024

12. Deferred Revenue:

	2023	Funding Received	Revenue Recognized	2024
Indigenous Services Canada	\$ 1,890,011	\$ 6,628,043	\$ 5,636,771	\$ 2,881,282
BC Hydro	457,500	-	-	457,500
Property Lease Revenue	3,271,079	168,206	126,119	3,313,166
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	510,969	266,204	510,969
Nanawakolas	33,333	34,045	33,333	34,045
Government of Canada				
Active Transportation	27,122	-	27,122	-
Elders Funding	5,000	-	5,000	-
Western Forest Products	3,614	-	-	3,614
Island Health	-	30,996	27,660	3,336
Sasamans Society	-	5,300	2,650	2,650
MakeWay	-	93,601	-	93,601
	<u>\$ 16,865,531</u>	<u>\$ 7,471,160</u>	<u>\$ 17,036,527</u>	<u>\$ 7,300,163</u>

13. Minors' Trust Fund:

During the year ended March 31, 2024, the Nation established a Minors' Trust Fund to account for member distributions to minors. Each registered minor is to receive \$3,500 plus interest, effective June 8, 2023. The funds are currently held in-trust for the minors, accruing interest at 5.48%. As of March 31, 2024, there were 212 minors who had funds held in trust totaling \$775,530 (2023 - \$0).

14. Long Term Debt:

	2024	2023
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
Royal Bank of Canada - Facility #2: Repayable at \$16,882 per month including interest at prime per annum; maturing April 27, 2024; secured by general security agreement	1,529,444	1,616,351
Royal Bank of Canada - Facility #3: Repayable at \$33,227 per month including interest at prime per annum; repaid during the year Subtotal	<u>\$ 1,619,340</u>	<u>\$ 3,643,143</u>
	<u>\$ 1,706,247</u>	

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2024

14. Long Term Debt (continued):

	<u>2024</u>	<u>2023</u>
Subtotal from Previous Page	\$ 1,619,340	\$ 1,706,247
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 \$943,494 (2023 - \$971,994)	698,246	724,343
CMHC - Phase 2: Repayable at \$4,031 per month including interest at 3.58% per annum; for renewal on January 1, 2029; secured by buildings with a net book value of \$851,430 (2023 - \$874,324)	687,801	714,741
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 and FCRSA revenue	906,437	966,959
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 and FCRSA revenue	641,028	690,874
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 and FCRSA revenue	823,820	884,661
First Nation Finance Authority: Repayable on demand plus interest at 6.25% per annum; secured by BCFN Gaming funds, FCRSA and We Wai Kai Forestry LP revenue	26,605,300	-
Nuu-cha-nulth Economic Development Corporation: Repayable at \$1,679 per month plus interest at prime plus 2.00% per annum; repaid during the year	<u>\$ 31,981,972</u>	<u>\$ 46,166</u> <u>\$ 9,377,134</u>

Interest expense on long term debt for the year ended March 31, 2024 is \$297,156 (2023 - \$489,943). Scheduled principal repayments for the next five years and thereafter is estimated as follow:

2025	\$ 30,557,322
2026	142,983
2027	55,003
2028	640,857
2028 and thereafter	585,807

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2024

15. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2024	2023
Land	\$ 3,738,735	\$ -	\$ 3,738,735	\$ -	\$ 3,738,735	\$ -	\$ -	\$ 3,738,735	\$ 3,738,735	\$ 3,738,735
Buildings	14,289,153	3,915,216	-	18,204,369	3,115,643	385,364	-	3,501,007	14,703,362	11,173,510
<i>Infrastructures:</i>										
Subdivisions	14,720,751	49,327	-	14,770,078	3,971,074	368,382	-	4,339,456	10,430,622	10,749,677
Roads	2,107,910	-	-	2,107,910	1,231,644	74,784	-	1,306,428	801,482	876,266
Water Systems	6,833,504	40,599	-	6,874,103	754,483	172,652	-	927,135	5,946,968	6,079,021
Sewer Systems	245,045	2,400	-	247,445	130,876	6,126	-	137,002	110,443	114,169
Vehicle & Vessels	757,624	-	75,000	682,624	458,152	57,002	75,000	440,154	242,470	299,472
Equipment	1,088,013	249,325	-	1,337,338	278,231	107,996	-	386,227	951,111	809,782
Office Equipment	128,225	-	-	128,225	110,500	2,625	-	113,125	15,100	17,725
Computer Equipment	314,668	54,602	-	369,270	177,064	51,533	-	228,597	140,673	137,604
Elders Housing	2,119,704	1,923	-	2,121,627	266,448	53,495	-	319,943	1,801,684	1,853,256
Total	\$ 46,343,332	\$ 4,313,392	\$ 75,000	\$ 50,581,724	\$ 10,494,115	\$ 1,279,959	\$ 75,000	\$ 11,699,074	\$ 38,882,650	\$ 35,849,217

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 \$7,912,706 (2023 - \$5,372,662) 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.
- d) The Nation entered into a long term contract for construction of a building. As of March 31, 2024, there remains contract costs to the Nation totaling \$32,088,615. This contract will be completed in fiscal 2026.

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2024

17. Schedule of Expenses by Object:

	<u>2024</u>	<u>2023</u>
Amortization and Loss on Disposal of Assets	\$ 1,279,959	\$ 1,155,411
Construction, Materials and Supplies	3,633,899	1,093,350
Consulting and Professional Fees	804,595	673,327
Direct Member Benefit	6,070,873	1,255,340
Donations	82,894	78,013
Bad Debt	134,735	-
Honoraria	723,588	600,194
Insurance	203,466	156,333
Interest and Bank Charges	11,593	11,174
Interest on Long-Term Debt	297,156	485,362
Land Lease	20,948	26,015
Legal	330,001	348,059
Office and Sundry	399,722	364,962
Repairs and Maintenance	723,427	750,668
Social Programs	423,672	345,351
Training	23,250	9,043
Travel	150,891	130,082
Tuition	2,054,330	1,872,930
Utilities and Telephone	802,596	684,182
Wages and Benefits	<u>3,725,212</u>	<u>2,994,681</u>
	<u>\$ 21,896,807</u>	<u>\$ 13,034,477</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 June 24, 2024, the Nation acquired a Bill 13 logging contract for \$2,700,000 plus \$28,000 in legal fees.
- b) On June 24, 2024, the Nation repaid \$2,095,157 to FNFA to repay existing loan facilities.

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.

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2024

21. Segment Disclosure (continued):

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.

Trust and Reserves

Trust and Reserves represents amounts spent to administer funds that have been segregated in-trust and allocated to reserves for members.

Enterprise

Enterprise represents amounts spent on administering business investments.

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, 2024

	Core Government	Health	Community Development	Economic Development	Housing	Capital Fund	Trust and Reserve Funds	Enterprise Funds	2024 Total	2023 Total
Revenue										
ISC	\$ 4,437,689	\$ 105,072	\$ 341,905	\$ 201,896	\$ 85,782	\$ 464,427	\$ -	\$ 5,636,771	\$ 6,764,949	
Other Revenue	<u>1,811,529</u>	<u>1,480,523</u>	<u>18,078,909</u>	<u>15,413,983</u>	<u>405,845</u>	<u>442,283</u>	<u>268,354</u>	<u>13,355,497</u>	<u>51,256,923</u>	<u>17,151,279</u>
	6,249,218	1,585,595	18,420,814	15,615,879	491,627	906,710	268,354	13,355,497	56,893,694	23,916,228
Less: Inter-Program Charges	<u>(122,395)</u>	<u>-</u>	<u>-</u>	<u>(80,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(202,995)</u>	<u>(196,067)</u>
	6,126,823	1,585,595	18,420,814	15,535,279	491,627	906,710	268,354	13,355,497	56,690,699	23,720,161
Expenses										
Other	5,677,685	410,346	6,375,772	3,335,683	381,351	5,074,400	150,951	1,835	21,408,023	12,952,643
Wages and Benefits	<u>2,120,539</u>	<u>965,269</u>	<u>333,098</u>	<u>260,840</u>	<u>-</u>	<u>45,466</u>	<u>-</u>	<u>-</u>	<u>3,725,212</u>	<u>2,994,681</u>
	7,798,224	1,375,615	6,708,870	3,596,523	381,351	5,119,866	150,951	1,835	25,133,235	15,947,324
Less: Capital Purchases	<u>(4,313,392)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,313,392)</u>	<u>(3,872,191)</u>
Less: Inter-Program Charges	<u>(128,193)</u>	<u>(44,328)</u>	<u>(7,719)</u>	<u>(15,555)</u>	<u>(7,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(202,995)</u>	<u>(196,067)</u>
Amortization of Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,279,959</u>	<u>1,155,411</u>
	3,356,639	1,331,287	6,701,151	3,580,968	374,151	5,119,866	150,951	1,835	21,896,807	13,034,477
Annual Surplus (Deficit)	\$ 2,770,184	\$ 254,308	\$ 11,719,663	\$ 11,954,311	\$ 117,476	\$ (4,213,156)	\$ 117,403	\$ 13,353,662	\$ 34,793,892	\$ 10,685,684