

WE WAI KAI NATION
Consolidated Financial Statements
March 31, 2025

WE WAI KAI NATION

Consolidated Financial Statements

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Year Ended March 31, 2025

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WE WAI KAI NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2025

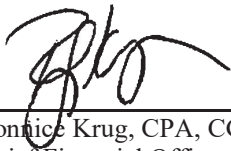
The accompanying consolidated financial statements of the We Wai Kai Nation as at and for the year ended March 31, 2025 are the responsibility of management. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements 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 24, 2025



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of the We Wai Kai Nation (the "Nation"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations and accumulated surplus, 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 "consolidated financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2025, and the results of its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the 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 for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 either intends to liquidate the Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 users taken on the basis of these consolidated financial statements.

Auditors' Responsibilities for the Audit of the Consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Chan Nawrood Boatis Inc

Chartered Professional Accountants
Courtenay, BC

July 24, 2025

WE WAI KAI NATION

Consolidated Statement of Financial Position

March 31, 2025

2025

2024

(Note 22)

FINANCIAL ASSETS

Cash and Cash Equivalents (Note 2)	\$ 8,736,128	\$ 19,045,755
Restricted Cash (Note 3)	3,136,111	2,198,018
Trust Funds Held by Federal Government (Note 4)	2,670	-
Accounts Receivable (Note 5)	4,096,916	2,999,381
Inventory (Note 6)	18,006	17,945
Due from Government Business Enterprises (Note 7)	49,924,499	39,786,078
Portfolio Investments (Note 8)	384,690	384,690
Investment in Government Business Enterprises (Note 9)	55,892,582	47,061,948
	<u>122,191,602</u>	<u>111,493,815</u>

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 10)	3,579,985	2,065,565
Employee Benefit Obligations (Note 11)	123,198	148,799
Deposits (Note 12)	5,500	5,500
Deferred Revenue (Note 13)	8,577,051	7,300,163
Heritage Trust Fund (Note 14)	2,652,021	775,530
Long Term Debt (Note 15)	57,949,611	31,981,972
	<u>72,887,366</u>	<u>42,277,529</u>

NET FINANCIAL ASSETS

49,304,236 69,216,286

NON-FINANCIAL ASSETS

Prepaid Expenses and Deposits	259,095	314,358
Tangible Capital Assets (Note 16)	59,601,858	38,734,205
	<u>59,860,953</u>	<u>39,048,563</u>

ACCUMULATED SURPLUS

\$ 109,165,189 \$ 108,264,849

Contingent Liabilities and Commitments (Note 17)

Approved by:



Chief



Councilor

WE WAI KAI NATION

Consolidated Statement of Operations

Year Ended March 31, 2025

	2025		2024
	Actual	Budget	
		(Note 20)	(Note 22)
Revenues			
Indigenous Services Canada (ISC)	\$ 5,781,711	\$ 8,451,874	\$ 5,636,771
Province of British Columbia	3,048,608	266,204	13,538,843
First Nation Health Authority	581,515	582,789	716,735
Canada Mortgage Housing Corporation	87,162	84,000	228,442
North Vancouver Island Aboriginal Training Society	122,150	124,060	124,156
Crown Indigenous Relations and Northern Affairs Canada	-	-	15,000,000
Kwakiutl District Council	83,600	-	83,600
First Nations Education Steering Committee	188,888	66,559	254,532
BC Hydro	965,920	1,138,216	1,744,063
Income from Government Business Enterprises	11,532,912	-	12,698,566
Taxation	237,507	219,679	191,779
Lease and Rental Income	1,321,860	1,145,700	1,106,281
Tobacco Sales and Fees	102,849	103,000	112,258
Travel and Expense Recoveries	1,282,105	41,000	989,990
Interest	1,001,963	780,500	1,811,542
Other	4,218,773	2,820,763	2,764,513
	<u>30,557,523</u>	<u>15,824,344</u>	<u>57,002,071</u>
Expenditures (Note 18)			
Core Government	7,697,506	7,689,276	3,356,639
Health	1,895,489	2,189,510	1,331,287
Community Development	12,022,790	4,692,074	6,701,151
Economic Development	1,564,539	1,832,919	3,580,968
Housing	240,532	1,996,468	374,151
Capital	2,063,881	323,689	4,652,005
Trust and Reserves	2,784,799	57,450	150,951
Enterprise	1,925	-	1,835
Amortization and Loss on Disposal of Assets	1,385,722	-	1,279,959
	<u>29,657,183</u>	<u>18,781,386</u>	<u>21,428,946</u>
Annual Surplus	900,340	\$ (2,957,042)	35,573,125
Accumulated Surplus - Beginning of Year	<u>108,264,849</u>		<u>72,691,724</u>
Accumulated Surplus - End of Year	<u>\$109,165,189</u>		<u>\$108,264,849</u>

WE WAI KAI NATION

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2025

2025

2024

(Note 22)

Annual Surplus

\$ 900,340

\$ 35,573,125

Purchase of Tangible Capital Assets

(22,253,375)

(4,313,392)

Amortization of Tangible Capital Assets

1,385,722

1,279,959

(20,867,653)

(3,033,433)

Net Use (Acquisition) of Prepaid Asset

55,263

(26,436)

Increase in Net Financial Assets

(19,912,050)

32,513,256

Net Financial Assets - Beginning of Year

69,216,286

36,703,030

Net Financial Assets - End of Year

\$ 49,304,236

\$ 69,216,286

WE WAI KAI NATION

Consolidated Statement of Cash Flows

Year Ended March 31, 2025

2025

2024

(Note 22)

Cash Flows From Operating Activities:

Cash Received from ISC and Other Sources	\$ 18,428,434	\$ 46,236,626
Cash Paid to Suppliers and Employees	(24,075,419)	(18,895,000)
	<u>(5,646,985)</u>	<u>27,341,626</u>

Cash Flows From Financing Activities:

Proceeds from Long Term Debt	30,281,660	26,605,300
Repayment of Long Term Debt	(4,314,021)	(4,000,462)
Transfer to FNFA Debt Reserve Fund	(888,602)	(1,708,654)
Transfer to Social Housing Reserve Funds	(49,491)	(27,336)
	<u>25,029,546</u>	<u>20,868,848</u>

Cash Flows From Investing Activities:

Investment in Government Business Enterprises	3,171,684	(14,075,056)
Advances to Government Business Enterprises	(10,607,827)	(24,083,040)
Transfer from (to) from Ottawa Trust Fund	(2,670)	2,621
	<u>(7,438,813)</u>	<u>(38,155,475)</u>

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	<u>(22,253,375)</u>	<u>(4,313,392)</u>
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Increase (Decrease) in Cash and Cash Equivalents

(10,309,627) 5,741,607

Cash and Cash Equivalents - Beginning of Year

19,045,755 13,304,148

Cash and Cash Equivalents - End of Year

\$ 8,736,128 \$ 19,045,755

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2025

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., and Quinsam Reserve Leasing Inc.

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%)
Way Key Limited Partnership (49.98%)

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, 2025

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, 2025

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, 2025.

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, 2025 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.

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>2025</u>	<u>2024</u>
Unrestricted		
Operating	\$ 7,815,829	\$ 13,545,307
Savings	-	1,353,041
Guaranteed Investment Certificates	<u>685,861</u>	<u>3,395,050</u>
	<u>8,501,690</u>	<u>18,293,398</u>
Internally Restricted Cash		
FCARS Account	<u>234,438</u>	<u>752,357</u>
	<u>\$ 8,736,128</u>	<u>\$ 19,045,755</u>

The Guaranteed Investment Certificate ("GIC") balance includes \$685,861 accruing interest at 4.45% per annum, maturing August 5, 2025.

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, 2025, the Nation has \$200,000 of the credit facility available.

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2025

3. Restricted Cash:

Restricted Cash is comprised of the following:

	<u>2025</u>	<u>2024</u>
First Nation Finance Authority		
Secured Revenues Trust Account	\$ 13,957	\$ 463,197
Debt Reserve Fund	<u>2,902,072</u>	<u>1,564,230</u>
	<u>2,916,029</u>	<u>2,027,427</u>
Social Housing		
Operating Reserve - Phase 1	66,959	51,851
Operating Reserve - Phase 2	35,854	22,537
Replacement Reserve - Phase 1 and 2	<u>117,269</u>	<u>96,203</u>
	<u>220,082</u>	<u>170,591</u>
	<u>\$ 3,136,111</u>	<u>\$ 2,198,018</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. Trust Funds Held by Federal Government:

	<u>2024</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2025</u>
Revenue	\$ -	\$ 2,670	\$ -	\$ 2,670

The Trust Funds Held by Federal Government arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

5. Accounts Receivable:

	<u>2025</u>	<u>2024</u>
Due from Members		
User Fees	\$ 4,818	\$ 4,818
Housing Defaults and Other	25,131	271,585
Allowance for Doubtful Accounts	<u>(17,395)</u>	<u>(17,395)</u>
	<u>12,554</u>	<u>259,008</u>

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2025

5. Accounts Receivable (continued):

Subtotal from Previous Page	\$ 12,554	\$ 259,008
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Due from Others

CMHC	6,450	6,450
Nuyumbalees Society	309,343	295,342
Trade Accounts Receivable	4,125,604	2,781,616
	4,441,397	3,083,408
Allowance for Doubtful Accounts	(357,035)	(343,035)
	4,084,362	2,740,373

Net Accounts Receivable	\$ 4,096,916	\$ 2,999,381
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Included in Trade Accounts Receivable are \$342,198 due from A-Tlegay Fisheries Society, \$73,583 due from Quinsam Service Station Partnership, \$45,595 due from Quinsam LFRC Ltd Partnerships, and \$130,000 due from Way Key Limited Partnership. These entities are related by virtue of Government Business Enterprises of the Nation. Also included in Due from Others is \$378,455 due from We Wai Kai Treaty which is related by shared governance.

6. Inventory:

	2025	2024
Tobacco Products	\$ 18,006	\$ 17,945

7. Due (to) from Government Business Enterprises:

	2025	2024
1012577 BC Ltd.	\$ 2,695,196	\$ 2,695,343
Cape Mudge Campsites Ltd.	16,027	(558,729)
Cape Mudge Resort Ltd.	957,166	1,710,797
Comox Valley Shakes (2019) Ltd.	14,211,455	11,516,029
Comox Valley Shakes Limited Liability Partnership	(292,331)	(520,868)
WWK&P Holdings Ltd.	(1,486)	1,849
Quinsam Liquor Store Ltd.	111,245	247,560
Quinsam Service Station Partnership	(57,208)	(9,450)
Quinsam LFRC Limited Partnership	(2,963)	-
WWK Forestry Limited Partnership	(5,324)	1,780
WWK Forestry (LPGP) Ltd.	50,000	50,000
WWK Marine Terminals Limited Partnership	58,697	2,358
We Wai Kai Nation Healing Society	3,701,509	936,347
1246672 BC Ltd.	(22,400)	(386,058)
Laich-Kwil-Tach Health Society	20,844	20,844
WWK Engineering Limited Partnership	99,223	107,118
TFL 64 Limited Partnership	(101)	(101)
Quinsam Crossing Coffee Ltd.	1,064,920	1,021,842
We Wai Kai Forestry Limited Partnership	27,320,030	22,949,417
	\$ 49,924,499	\$ 39,786,078

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2025

8. Portfolio Investments:

The Nation's portfolio investments consists of the following:

	<u>2025</u>	<u>2024</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>

9. Investment in Government Business Enterprises:

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

	<u>2025</u>	<u>2024</u>
Investments in Business Enterprises		
1012577 BC Ltd.	\$ 1	\$ 1
Cape Mudge Campsites Ltd.	617,932	1,174,659
WWK Engineering GP Ltd.	5	5
Cape Mudge Forestry Ltd.	1	1
Cape Mudge Resort Ltd.	1	1
La-kwa sa muqw Forestry Ltd.	1,224	1,224
TFL 64 (GP) Ltd.	1	1
1223053 B.C. Ltd.	1	1
Quinsam Liquor Store Ltd.	1,970,058	1,588,346
Comox Valley Shakes (2019) Ltd.	2,488,118	2,299,039
WWK Forestry (LPGP) Ltd.	10,308	14,846
1246672 B.C. Ltd.	<u>1,030,888</u>	<u>882,178</u>
	<u>6,118,536</u>	<u>5,960,300</u>
Investments and Earnings in Business Partnerships		
A-Tlegay Fisheries Limited Partnership	3,985,150	3,573,328
Laich Kwil Tach Wood Trucking Joint Venture	40,596	41,210
Laich-Kwil-Tach Environmental Assessment Partnership	1,828,684	1,543,798
Quinsam LFRC Limited Partnership	-	3,427
Quinsam Services Station Partnership	3,795,573	3,452,453
WWK Forestry Limited Partnership	-	1,365,500
WWK Marine Terminals Limited Partnership	-	32,792
Bryden Road (Kelowna) Limited Partnership	6,074,601	5,544,807
WWK Engineering Limited Partnership	351,359	138,999
We Wai Kai Forestry Limited Partnership	18,037,341	8,972,125
Way Key Limited Partnership	3,658,941	2,696,487
Comox Valley Shakes Limited Liability Partnership	-	466,410
TFL 64 Limited Partnership	291,801	346,312
La-kwa sa muqw Forestry Limited Partnership	<u>11,710,000</u>	<u>12,924,000</u>
	<u>49,774,046</u>	<u>41,101,648</u>
	<u>\$ 55,892,582</u>	<u>\$ 47,061,948</u>

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2025

9. Investment in Government Business Enterprises (continued):

	Retail Goods and Services Businesses	Natural Resource Businesses	Industrial Businesses	Total 2025	Total 2024
Total Assets	\$ 15,677,648	\$ 178,255,740	\$ 34,447,745	\$ 228,381,133	\$ 223,375,678
Total Liabilities	10,655,632	49,240,756	24,894,980	84,791,368	82,547,073
Total Equity	5,022,016	129,014,984	9,552,765	143,589,765	140,828,605
Total Liabilities and Equity	\$ 15,677,648	\$ 178,255,740	\$ 34,447,745	\$ 228,381,133	\$ 223,375,678
Revenue	41,543,363	100,968,020	18,529,899	161,041,282	76,023,262
Expenses	38,736,288	101,525,051	15,604,426	155,865,765	61,827,758
Net Income (Loss)	\$ 2,807,075	\$ (557,031)	\$ 2,925,473	\$ 5,175,517	\$ 14,195,504

10. Accounts Payable and Accrued Liabilities:

	2025	2024
Trade Payables	\$ 2,818,050	\$ 1,420,026
Wages Payable	224,925	172,827
Government Remittances Payable	14,608	21,613
Other	522,402	451,099
	\$ 3,579,985	\$ 2,065,565

Included in Trade Payables are \$39,740 due to Way Key Limited Partnership and \$3,378 due to Way Key Sand & Gravel Ltd., all related parties by virtue of Government Business Enterprises of the Nation.

11. Employee Benefit Obligations:

	2025	2024
Vacation and Overtime	\$ 114,797	\$ 101,234
Pension Plan Contributions	8,401	47,565
	\$ 123,198	\$ 148,799

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 \$275,179 (2024 - \$184,895) during the year for retirement benefits. The Nation does not have any other obligations with regards to the pension plan as at March 31, 2025.

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2025

12. Deposits:

	<u>2025</u>	<u>2024</u>
Housing Security Deposits	\$ <u>5,500</u>	\$ <u>5,500</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.

13. Deferred Revenue:

	<u>2024</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>2025</u>
Indigenous Services Canada	\$ 2,881,282	\$ 7,221,979	\$ 5,781,711	\$ 4,321,550
BC Hydro	457,500	-	-	457,500
Clean Energy Funds	-	893	-	893
Property Lease Revenue	3,313,166	34,600	269,448	3,078,318
First Nations Early Learning	510,969	-	103,146	407,823
First Nations Summit Society	-	205,509	-	205,509
Minister of Crown-Indigenous Relations	-	61,813	-	61,813
Nanawakolas	34,045	-	-	34,045
Western Forest Products	3,614	-	-	3,614
Island Health	3,336	-	-	3,336
Sasamans Society	2,650	-	-	2,650
MakeWay	93,601	-	93,601	-
	<u>\$ 7,300,163</u>	<u>\$ 7,524,794</u>	<u>\$ 6,247,906</u>	<u>\$ 8,577,051</u>

14. Heritage Trust Fund:

During the year ended March 31, 2025, the Nation established the We Wai Kai Nation Heritage Trust to allow the Nation to contribute own-source revenue on an annual basis to support the Nation and its' members into the future. The funds contributed by the Nation are held by the trust and managed by a third-party trustee. 50% of the annual investment income generated by the trust will be distributed to members, with minors' portions being held in the trust until each minor turns 18 years old.

15. Long Term Debt:

	<u>2025</u>	<u>2024</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
Royal Bank of Canada - Facility #2: Repaid during the year	-	1,529,444
BC Housing Project Development Funding (PDF) Loan: Interest-free; due on demand and repayable in full from the proceeds of the initial advance of the approved first mortgage	<u>75,960</u>	<u>-</u>
Subtotal	<u>\$ 165,856</u>	<u>\$ 1,619,340</u>

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2025

15. Long Term Debt (continued):

	2025	2024
Subtotal from Previous Page	\$ 165,856	\$ 1,619,340
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 \$914,993 (2024 - \$943,494)	671,101	698,246
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 \$826,613 (2024 - \$851,430)	663,420	687,801
First Nation Finance Authority: Repaid during the year	-	906,437
First Nation Finance Authority: Repaid during the year	-	641,028
First Nation Finance Authority: Repaid during the year	-	823,820
First Nation Finance Authority: Repayable at \$40,196 per month plus interest at 4.47% per annum; maturing June 1, 2034; secured by BCFN Gaming funds, FCRSA and We Wai Kai Forestry LP revenue	26,243,534	26,605,300
First Nation Finance Authority: Repayable at \$40,987 per month plus interest at 4.30% per annum; maturing June 1, 2035; secured by BCFN Gaming funds, FCRSA, We Wai Kai Forestry LP revenue, Tobacco Franchise revenue, Band Business revenue, and Lease revenue	<u>30,205,700</u> \$ <u>57,949,611</u>	<u>-</u> \$ <u>31,981,972</u>

Interest expense on long term debt for the year ended March 31, 2025 is \$624,082 (2024 - \$297,156). Scheduled principal repayments for the next five years and thereafter is estimated as follow:

2026	\$ 1,290,978
2027	1,202,998
2028	1,788,852
2029	1,168,796
2030 and thereafter	52,497,987

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2025

16. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening (Note 22)	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2025	2024 (Note 22)
Land	\$ 3,738,735	\$ -	\$ -	\$ 3,738,735	\$ -	\$ -	\$ -	\$ -	\$ 3,738,735	\$ 3,738,735
Buildings	18,073,246	20,756,587	-	38,829,833	3,501,007	473,179	-	3,974,186	34,855,647	14,572,239
<i>Infrastructures:</i>										
Subdivisions	14,770,078	1,144,144	-	15,914,222	4,339,456	369,727	-	4,709,183	11,205,039	10,430,622
Roads	2,107,910	-	-	2,107,910	1,306,428	72,911	-	1,379,339	728,571	801,482
Water Systems	6,874,103	-	-	6,874,103	927,135	175,560	-	1,102,695	5,771,408	5,946,968
Sewer Systems	247,445	-	-	247,445	137,002	6,186	-	143,188	104,257	110,443
Vehicle & Vessels	682,624	197,695	-	880,319	440,154	56,468	-	496,622	383,697	242,470
Equipment	1,337,338	115,660	-	1,452,998	386,227	128,116	-	514,343	938,655	951,111
Office Equipment	128,225	3,399	-	131,624	113,125	2,849	-	115,974	15,650	15,100
Computer										
Equipment	351,948	35,890	-	387,838	228,597	47,231	-	275,828	112,010	123,351
Elders Housing	2,121,627	-	-	2,121,627	319,943	53,495	-	373,438	1,748,189	1,801,684
Total	\$ 50,433,279	\$ 22,253,375	\$ -	\$ 72,686,654	\$ 11,699,074	\$ 1,385,722	\$ -	\$ 13,084,796	\$ 59,601,858	\$ 38,734,205

17. 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 \$7,755,654 (2024 - \$7,912,706) 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, 2025, there remains contract costs to the Nation totaling \$12,730,749. This contract will be completed in fiscal 2026.

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2025

18. Schedule of Expenses by Object:

	<u>2025</u>	<u>2024</u>
Amortization and Loss on Disposal of Assets	\$ 1,385,722	\$ 1,279,959
Construction, Materials and Supplies	3,353,821	3,243,441
Consulting and Professional Fees	796,463	774,990
Contributions to Heritage Trust	12,212,446	775,530
Direct Member Benefit	1,211,319	5,295,343
Donations	89,874	82,894
Bad Debt	14,000	134,735
Honoraria	704,600	723,588
Insurance	263,467	203,466
Interest and Bank Charges	12,765	10,500
Interest on Long-Term Debt	575,869	297,156
Land Lease	21,904	20,948
Legal	176,465	330,001
Office and Sundry	417,918	398,723
Repairs and Maintenance	486,344	723,427
Social Programs	371,240	423,672
Training	874	23,250
Travel	166,968	150,651
Tuition	2,284,357	2,054,330
Utilities and Telephone	912,878	802,596
Wages and Benefits	4,197,889	3,679,746
	<u>\$ 29,657,183</u>	<u>\$ 21,428,946</u>

19. 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.

20. 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.

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.

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2025

21. Segment Disclosure (continued):

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. Prior Period Adjustments:

A-Tlegay Fisheries Limited Partnership:

In the year ended March 31, 2024, management of A-Tlegay Fisheries Limited Partnership identified that in the comparative financial information, grant revenue was incorrectly recorded on a net basis against the cost of fishing licenses and quota assets acquired, which was inconsistent with A-Tlegay Fisheries Limited Partnership's adopted accounting policies. Prior period adjustments in A-Tlegay Fisheries Limited Partnership's financial statements were reflected in the Nation's financial statements by recording an increase in the investment in the Partnership by \$815,206, increase in revenue from the Partnership by \$31,579, and increase opening accumulated surplus by \$783,627.

Insurance Proceeds and Investment in Bryden Road (Kelowna) Limited Partnership:

In the year ended March 31, 2024, the Nation received insurance proceeds totalling \$529,794 that were used to increase an investment in Bryden Road (Kelowna) Limited Partnership. A prior period adjustment has been recorded to reflect the insurance revenue of \$529,794 and increase in the investment in Bryden Road (Kelowna) Limited Partnership.

Reversal of the We Wai Kai Nation Healing Society Consolidation:

In the year ended March 31, 2025, it was determined that the We Wai Kai Nation Healing Society was no longer required to be consolidated within the financial statements of the Nation. The change resulted in the reversal of the consolidation of the We Wai Kai Nation Healing Society in the comparative figures.

WE WAI KAI NATION

Notes to the Financial Statements

March 31, 2025

22. Prior Period Adjustments (continued):

The combined effect of the prior period adjustments is as follows:

Account	Balance as Previously Stated	Prior Period Adjustments	Balance as Restated
Cash and Cash Equivalents	\$ 19,702,653	\$ (656,898)	\$ 19,045,755
Accounts Receivable	3,001,595	(2,214)	2,999,381
Due from Government Business Enterprises	38,849,731	936,347	39,786,078
Investment in Government Business Enterprises	45,716,949	1,344,999	47,061,948
Accounts Payable and Accrued Liabilities	2,159,136	(93,571)	2,065,565
Tangible Capital Assets	38,882,650	(148,445)	38,734,205
Revenues	56,690,699	311,372	57,002,071
Expenditures	21,896,807	(467,861)	21,428,946
Accumulated Surplus - Beginning of Year	71,903,597	788,127	72,691,724
Accumulated Surplus - End of Year	\$ 106,697,489	\$ 1,567,360	\$ 108,264,849

23. 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, 2025

	Core Government	Health	Community Development	Economic Development	Housing	Capital Fund	Trust and Reserve Funds	Enterprise Funds	2025 Total	2024 Total
Revenue										
ISC	\$ 4,159,487	\$ 558,462	\$ 348,744	\$ 205,400	\$ 85,782	\$ 423,836	\$ -	\$ -	\$ 5,781,711	\$ 5,636,771
Other Revenue	<u>1,836,117</u>	<u>2,390,040</u>	<u>3,172,433</u>	<u>4,877,123</u>	<u>177,739</u>	<u>70,249</u>	<u>403,163</u>	<u>12,062,706</u>	<u>24,989,570</u>	<u>51,568,295</u>
	5,995,604	2,948,502	3,521,177	5,082,523	263,521	494,085	403,163	12,062,706	30,771,281	57,205,066
Less: Inter-Program Charges	<u>(132,758)</u>	<u>-</u>	<u>-</u>	<u>(81,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(213,758)</u>	<u>(202,995)</u>
	<u>5,862,846</u>	<u>2,948,502</u>	<u>3,521,177</u>	<u>5,001,523</u>	<u>263,521</u>	<u>494,085</u>	<u>403,163</u>	<u>12,062,706</u>	<u>30,557,523</u>	<u>57,002,071</u>
Expenses										
Other	5,782,661	963,189	11,661,700	1,347,732	247,732	23,752,746	2,784,799	146	46,540,705	20,837,173
Wages and Benefits	<u>2,568,371</u>	<u>961,100</u>	<u>436,387</u>	<u>230,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,779</u>	<u>4,197,889</u>	<u>3,679,746</u>
	8,351,032	1,924,289	12,098,087	1,577,984	247,732	23,752,746	2,784,799	1,925	50,738,594	24,516,919
Less: Capital Purchases	<u>(497,013)</u>	<u>-</u>	<u>(67,497)</u>	<u>-</u>	<u>-</u>	<u>(21,688,865)</u>	<u>-</u>	<u>-</u>	<u>(22,253,375)</u>	<u>(4,164,937)</u>
Less: Inter-Program Charges	<u>(156,513)</u>	<u>(28,800)</u>	<u>(7,800)</u>	<u>(13,445)</u>	<u>(7,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(213,758)</u>	<u>(202,995)</u>
Amortization of Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,385,722</u>	<u>1,279,959</u>
	<u>7,697,506</u>	<u>1,895,489</u>	<u>12,022,790</u>	<u>1,564,539</u>	<u>240,532</u>	<u>2,063,881</u>	<u>2,784,799</u>	<u>1,925</u>	<u>29,657,183</u>	<u>21,428,946</u>
Annual Surplus (Deficit)	<u>\$ (1,834,660)</u>	<u>\$ 1,053,013</u>	<u>\$ (8,501,613)</u>	<u>\$ 3,436,984</u>	<u>\$ 22,989</u>	<u>\$ (1,569,796)</u>	<u>\$ (2,381,636)</u>	<u>\$ 12,060,781</u>	<u>\$ 900,340</u>	<u>\$ 35,573,125</u>

WE WAI KAI NATION

Schedule 2 - Specific Claim - IR No. 10 Road

Year Ended March 31, 2025

During the year, the Nation received \$59,681 from Crown-Indigenous Relations for costs relating to this specific claim. The details surrounding these funds are shown in the schedule below.

	<u>2025</u>
Opening Balance	\$ 2,050
Revenue	<u>59,681</u>
Total Funds Available	61,731
Eligible Costs	
Professional Fees	<u>4,800</u>
	56,931
Transfer from Other Programs	<u>20,000</u>
Balance - March 31, 2025	\$ <u><u>76,931</u></u>

WE WAI KAI NATION

Schedule 3 - Specific Claim - Colonial Reserve

Year Ended March 31, 2025

During the year, the Nation received \$92,686 from Crown-Indigenous Relations for costs relating to this specific claim. The details surrounding these funds are shown in the schedule below.

	<u>2025</u>
Opening Balance	\$ -
Revenue	<u>92,686</u>
Total Funds Available	92,686
Eligible Costs	
Professional Fees	<u>29,207</u>
Balance - March 31, 2025	\$ <u><u>63,479</u></u>