



FRASER BEVZ BROUGHTON
Chartered Accountants LLP

D. Kane Fraser, CPA, CA*
Partner

Shelley R. Bevz, CPA, CA
Partner, Certified Aboriginal Finance Manager

Ryan Broughton, CPA, CA*
Partner

**Denotes incorporated professional*

July 20, 2015

Ms. Twyla Todd
ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA
600-1138 Melville Street
Vancouver, BC, V6E 4S3

Dear Ms. Todd:

RE: WILLIAMS LAKE INDIAN BAND
YEAR ENDED MARCH 31, 2015

We enclose on behalf of the above named client the following documents:

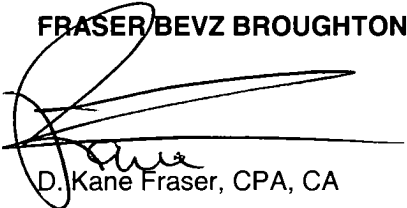
1. Audited Consolidated Financial Statements for the Year ended March 31, 2015 together with our Auditor's Report dated July 20, 2015
2. Schedule of Remuneration and Expenses Paid to Chiefs and Councillors

We trust this will be satisfactory.

We shall be pleased to provide you with such additional information or explanations that you may require in connection with any aspect of the above.

Yours truly,

FRASER BEVZ BROUGHTON CHARTERED ACCOUNTANTS LLP



D. Kane Fraser, CPA, CA

DKF/rem

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WILLIAMS LAKE INDIAN BAND
Consolidated Financial Statements
Year Ended March 31, 2015

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WILLIAMS LAKE INDIAN BAND
Index to Consolidated Financial Statements
Year Ended March 31, 2015

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Operations	6
Revenues (<i>Schedule 1</i>)	7
Expenses (<i>Schedule 2</i>)	8
Consolidated Statement of Cash Flows	9
Notes to Consolidated Financial Statements	10 - 26

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Williams Lake Indian Band are the responsibility of management and have been approved by Chief and Council.

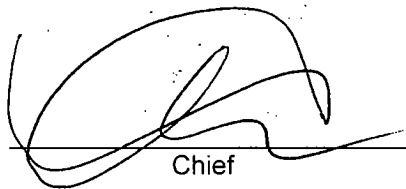
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

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

The Chief and Council are responsible for ensuring the integrity of the Band's accounting and reporting systems and that appropriate internal controls are in place, including those for monitoring risk, financial reporting and compliance with the laws and that management fulfils its responsibilities for financial reporting. The Chief and Council are ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review Williams Lake Indian Band's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the independent 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 annual report, the financial statements and independent auditor's report. The Chief and Council also consider the engagement of the independent auditor.

The consolidated financial statements have been audited by Fraser Bevez Broughton Chartered Accountants LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Fraser Bevez Broughton Chartered Accountants LLP has full access to the Chief and Council.


Chief
Councilor

Toll Free: 1-877-856-3507 Phone: 250-296-3507

Fax : 250-296-4750

Website: www.williamslakeband.ca



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INDEPENDENT AUDITOR'S REPORT

To the Members of Williams Lake Indian Band

We have audited the accompanying consolidated financial statements of Williams Lake Indian Band, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of changes in net financial assets, operations and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

(continues)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Williams Lake Indian Band as at March 31, 2015 and the results of its consolidated changes in net financial assets, operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Williams Lake, British Columbia
July 20, 2015

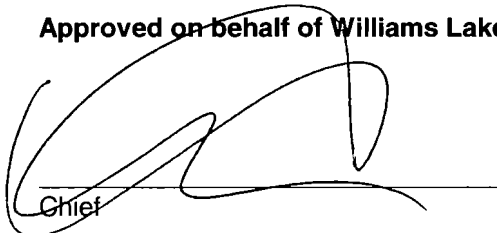

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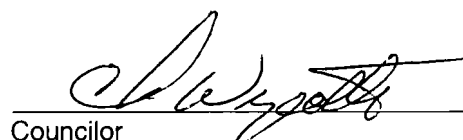
WILLIAMS LAKE INDIAN BAND
Consolidated Statement of Financial Position
As at March 31, 2015

	2015	2014
Financial assets		
Cash (Note 4)	\$ 2,636,252	\$ 1,289,821
Cash restricted as to use (Note 5)	82,632	74,471
Accounts receivable (Note 6)	1,406,914	955,667
Trust funds held by Canada (Note 7)	10,623	53,469
Long term investments (Note 8)	3,488,492	3,647,332
	<u>7,624,913</u>	<u>6,020,760</u>
Liabilities		
Bank advances (Note 9)	3,760,795	734,895
Accounts payable and accrued liabilities (Note 10)	589,794	407,258
Deferred income (Note 11)	21,441	1,225,628
Long term debt (Note 12)	89,857	149,659
	<u>4,461,887</u>	<u>2,517,440</u>
Net financial assets	<u>3,163,026</u>	<u>3,503,320</u>
Non-financial assets		
Tangible capital assets (Note 13)	17,502,754	14,046,151
Prepaid expenses	22,255	15,184
	<u>17,525,009</u>	<u>14,061,335</u>
Band equity	<u>\$ 20,688,035</u>	<u>\$ 17,564,655</u>
Band equity		
Accumulated surplus (Note 14) - page 6	\$ 19,703,518	\$ 16,584,765
Replacement reserve fund (Note 15)	82,587	77,960
	<u>19,786,105</u>	<u>16,662,725</u>
Contributed surplus (Note 16)	901,930	901,930
	<u>\$ 20,688,035</u>	<u>\$ 17,564,655</u>

Contingent liabilities (Note 19)

Approved on behalf of Williams Lake Indian Band


Chief


Councilor

WILLIAMS LAKE INDIAN BAND**Consolidated Statement of Changes in Net Financial Assets****Year Ended March 31, 2015**

	2015	2014
Net revenue for the year	\$ 3,118,753	\$ 419,034
Allocation from replacement reserve	4,627	4,626
Amortization	368,839	333,286
Change in prepaid expenses	(7,071)	(15,184)
Tangible capital asset acquisitions	(3,825,442)	(1,006,150)
Decrease in net financial assets	(340,294)	(264,388)
Net financial assets - beginning of year	3,503,320	3,767,708
Net financial assets - end of year	\$ 3,163,026	\$ 3,503,320

See notes to consolidated financial statements

WILLIAMS LAKE INDIAN BAND
Consolidated Statement of Operations
Year Ended March 31, 2015

	2015 Budget (Unaudited)	2015	2014
Revenues (from Schedule 1)	\$ 5,056,019	\$ 8,379,527	\$ 7,209,451
Deferred revenue from prior year	-	1,225,628	3,355
Deferred revenue to following year	-	(21,441)	(1,225,628)
	5,056,019	9,583,714	5,987,178
Expenses (from Schedule 2)	5,236,005	5,960,243	5,289,900
Net revenue before the following	(179,986)	3,623,471	697,278
Other income (expenses)			
AANDC recoveries	-	(154,391)	(32,107)
Contributions to Community Diversification Association	-	-	(88,524)
Transfer from Ottawa Trust	-	47,469	-
Transfer from Social Housing	-	53,402	-
Operating results of Band enterprises	-	(451,198)	(157,613)
Net revenue for the year	(179,986)	3,118,753	419,034
Accumulated surplus - beginning of year	16,584,765	16,584,765	16,165,731
Accumulated surplus - end of year - page 4	\$ 16,764,751	\$ 19,703,518	\$ 16,584,765

WILLIAMS LAKE INDIAN BAND**Revenues****(Schedule 1)****Year Ended March 31, 2015**

	2015 Budget (Unaudited)	2015	2014
Revenues			
Federal Government			
AANDC Operating	\$ 2,754,144	\$ 2,914,183	\$ 2,585,954
AANDC Capital	-	1,820,376	1,645,416
Northern Shuswap Treaty Society	338,420	338,420	303,750
CCATEC	76,444	109,083	120,004
Health Canada	-	-	28,050
First Nations Health Authority	56,100	72,703	42,075
CMHC	-	17,817	27,121
Three Corners Health Services Society	15,000	16,000	15,530
Northern Shuswap Tribal Council	-	4,183	7,466
Specific Claims Tribunal Canada	-	-	2,720
Canada Youth	-	4,450	-
Province of British Columbia	450,320	762,125	649,736
Service contracts and fees	104,720	601,955	18,359
Mount Polley Mining Corporation	192,500	376,589	180,000
Rentals	203,625	286,353	255,516
Royalties	175,000	222,544	179,174
Gibraltar Mine	232,500	173,121	246,140
Tolko Industries Ltd.	60,000	71,140	178,642
Southview Sorting Ltd.	-	-	110,000
Spectra Energy	50,000	50,000	50,000
Cariboo Regional District	-	44,942	-
First Nations Education Steering Committee	24,876	43,009	44,133
Borland Creek Logging Ltd.	23,678	40,261	21,958
Donations and fundraising	-	30,884	32,861
Interest income	-	30,644	11,564
Knucwentwecw Society	30,000	30,000	30,000
Pioneer Log Homes	-	25,000	-
Gold Fields Exploration Corporation	-	-	25,000
Property taxes	20,052	21,119	20,425
Insurance proceeds	17,145	13,346	25,513
Work Opportunities Program	-	9,020	25,170
Terra Archaeology Ltd.	-	10,406	24,864
First Resources Power Line Corporation	-	-	75,000
New Relationship Trust	3,500	9,418	19,672
BC Hydro	21,158	6,158	50,678
Daycare fees	-	3,758	32,814
Heritage Society of British Columbia	-	-	22,998
Diocese & Catholic Missions in Canada	-	-	15,000
Northern Development Initiatives Trust	-	-	8,707
All other	206,837	220,520	77,441
	\$ 5,056,019	\$ 8,379,527	\$ 7,209,451

See notes to consolidated financial statements

WILLIAMS LAKE INDIAN BAND**Expenses****(Schedule 2)****Year Ended March 31, 2015**

	2015 Budget (Unaudited)	2015	2014
Expenses			
Administration	\$ 965,155	\$ 1,377,375	\$ 1,437,120
Amortization	-	368,839	333,286
CMHC housing program	30,387	52,692	37,383
Capital projects	40,000	70,499	261,205
Education	1,637,007	1,576,371	1,392,734
Natural resources	735,349	977,671	441,192
Public works	722,690	661,646	506,621
Recreation	166,042	152,006	133,308
Social development	601,162	421,437	474,614
Treaty	338,213	301,707	272,437
	<u>\$ 5,236,005</u>	<u>\$ 5,960,243</u>	<u>\$ 5,289,900</u>

WILLIAMS LAKE INDIAN BAND
Consolidated Statement of Cash Flows
Year Ended March 31, 2015

	2015	2014
Cash flows from operating activities		
Net revenue for the year	\$ 3,118,753	\$ 419,034
Items not affecting cash:		
Amortization of tangible capital assets	368,839	333,286
Operating results of Band enterprises	451,198	157,613
	<u>3,938,790</u>	<u>909,933</u>
Changes in non-cash working capital:		
Replacement reserve	4,627	4,626
Cash restricted as to use	(8,161)	(1,137)
Accounts receivable	(451,247)	(168,366)
Accounts payable and accrued liabilities	182,536	(363,957)
Deferred income	(1,204,187)	1,222,273
Prepaid expenses	(7,071)	(15,184)
	<u>(1,483,503)</u>	<u>678,255</u>
Cash flows from operating activities	<u>2,455,287</u>	<u>1,588,188</u>
Cash flows from (used by) investing activities		
Trust funds held by Canada	42,846	(5,489)
Advances to related parties	(292,358)	(233,898)
Cash flows used by investing activities	<u>(249,512)</u>	<u>(239,387)</u>
Cash flows from (used by) financing activities		
Increase in bank advances	3,025,900	282,213
Proceeds from long term financing	-	24,341
Repayment of long term debt	(59,802)	(60,328)
Cash flows from financing activities	<u>2,966,098</u>	<u>246,226</u>
Cash flows used by capital activities		
Purchase of tangible capital assets	(3,825,442)	(1,006,150)
Increase in cash	1,346,431	588,877
Cash - beginning of year	<u>1,289,821</u>	<u>700,944</u>
Cash - end of year (Note 4)	\$ 2,636,252	\$ 1,289,821

WILLIAMS LAKE INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

1. Basis of presentation

In order to satisfy the Reporting Guide's Financial Reporting Requirements of Aboriginal Affairs and Northern Development Canada (AANDC) these consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards, as defined in the CICPA Public Sector Accounting Handbook, which encompasses the following:

- a. The focus of PSAB statements is on the financial position of the Band and the changes thereto. The Consolidated Statement of Financial Position includes all the assets and liabilities of the Band. Financial assets are economic resources controlled by the Band as a result of past transactions from which future economic benefits may be obtained. Liabilities are present obligations of the Band to others arising from past transactions, the settlement of which is expected to result in the future sacrifice of economic benefits.
- b. Williams Lake Indian Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions.

The various funds have been amalgamated for the purpose of presentation in the consolidated financial statements. Details of the operation of each fund are set out in the supplementary schedules.

Williams Lake Indian Band maintains the following funds:

- The Operations Fund which reports the general activities of the Band.
 - The Capital Fund which reports the capital projects of the Band together with their related financing, other than those tangible capital assets funded by CMHC.
 - The Investment Fund which reports the Band's investments in related entities.
 - The Trust Fund which reports on the trust funds owned by the Band and held by third parties.
 - The CMHC Social Housing Fund which reports assets, liabilities, revenues, expenses and reserves specifically related to housing funded by CMHC.
 - The Treaty Self-Government Fund which reports on activities related to treaty negotiations.
- c. Reporting entity and principles of financial reporting

The Williams Lake Indian Band reporting entity includes the Band and all related entities which are accountable to the Chief and Council and are either owned or controlled by the Band.

The consolidated financial statements include the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Band government administration (Operating and Capital funds)
- Band Investment Fund
- Band Trust Fund (comprising the Ottawa Trust Funds)
- Band CMHC Social Housing Fund
- Treaty Self-Government Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each fund, transactions amongst funds have not been eliminated on the individual schedules.

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WILLIAMS LAKE INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

1. Basis of presentation (*continued*)

Business entities, which are owned or significantly influenced by the Williams Lake Indian Band and which are not dependent on the Band for their continuing operations, are included in the consolidated financial statements using the modified equity method. These include:

- Borland Creek Logging Ltd.
- Sugar Cane Development Corporation
- Sugarcane Petroleum Products Corporation
- Sugar Cane Enterprises Ltd.
- Sugar Cane Wood Products Ltd.
- Sugar Cane TreadPro Limited
- Sugar Cane Community Diversification Association

2. Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand less outstanding cheques and deposits with a maturity of less than three months at the time of purchase. When outstanding cheques are in excess of cash on hand, the excess is reported in bank indebtedness.

Tangible capital assets

Tangible capital assets are non-financial assets having physical substance that:

- Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- Have useful economic lives extending beyond an accounting period;
- Are to be used on a continuing basis; and
- Are not for sale in the ordinary course of operations.

Tangible capital assets purchased are recorded at cost. Tangible capital assets contributed are recorded at the fair market value as at the date of the contribution.

Tangible capital assets are amortized over their expected useful life using the declining balance method at the following rates:

Automotive equipment	30%
Buildings and infrastructure	4%
Computer and office equipment	20% - 30%

Assets under construction are not amortized as they are not available for use.

Housing tangible capital assets acquired under Canada Mortgage and Housing Corporation sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in the related long term debt, as required for Canada Mortgage and Housing Corporation reporting purposes.

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WILLIAMS LAKE INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

2. Summary of significant accounting policies (*continued*)

Investments

Investments in the Band's wholly-owned enterprises are accounted for using the modified equity method. Under this method, the investments are initially recorded at cost and then increased or decreased to recognize subsequent earnings or losses. Investments are also increased or decreased to reflect advances to or repayments from the enterprises.

Surplus recoveries and deficit funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

Trust funds held by Canada (Ottawa Trust Fund)

Ottawa Trust Fund operating account revenues are recorded on an accrual basis, and include interest earned on the Ottawa Trust account.

Ottawa Trust Fund capital account revenues are recorded when the Band is notified of their deposit by Aboriginal Affairs and Northern Development Canada.

Revenue recognition

Revenue is recognized as it becomes receivable and collection is reasonably assured under the terms of applicable funding agreements. Funding received under funding arrangements which relate to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Statement of Financial Position.

Expenses are accounted for in the period the goods and services are acquired and a liability is incurred, or transfers are due.

Rental revenue is recognized when a tenant commences occupancy and rent is due. Williams Lake Indian Band retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of assets, and rates for depreciation and amortization. Actual results could differ from those estimates.

Adoption of new accounting policies

On April 1, 2014, the Band adopted the provisions of the new accounting policy for liability for contaminated sites.

The details of the new policy are specified in Section PS 3260 of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Professional Accountants.

The Band has reviewed the implications of the Section and has concluded that it is not exposed to any contaminated sites. It has therefore not recorded any liability for remediation of contaminated sites.

WILLIAMS LAKE INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

3. Economic dependence

The Williams Lake Indian Band receives a significant portion of its revenues pursuant to funding arrangements with Aboriginal Affairs and Northern Development Canada. The Band's ability to continue operations would be severely hampered should this funding be discontinued.

4. Cash

	<u>2015</u>	<u>2014</u>
Operations	<u>\$ 2,636,252</u>	<u>\$ 1,289,821</u>

5. Cash restricted as to use

	<u>2015</u>	<u>2014</u>
Replacement reserve	<u>\$ 82,632</u>	<u>\$ 74,471</u>

Under the terms of the Band's Social Housing Agreement with Canada Mortgage and Housing Corporation, a separate replacement reserve account is maintained. The funds in this account may only be used for repairs and maintenance as approved by Canada Mortgage and Housing Corporation.

6. Accounts receivable

	<u>2015</u>	<u>2014</u>
Due from members:		
Rent-to-own program	\$ 181,765	\$ -
Rent	342,912	237,547
Less: Allowance for doubtful accounts	<u>(138,003)</u>	<u>(64,981)</u>
	386,674	172,566
Due from others:		
Consulting fees	373,000	-
Province of British Columbia	282,598	-
AANDC	47,178	365,226
First Resources Power Line	-	50,000
Three Corners Health Services Society	-	7,865
CCATEC	20,083	22,188
GST recoverable	35,325	30,170
Northern Shuswap Tribal Council	-	2,046
Northern Shuswap Treaty Society	73,070	68,751
All others	188,986	236,855
	<u>\$ 1,406,914</u>	<u>\$ 955,667</u>

WILLIAMS LAKE INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

7. Trust funds held by Canada

	2015	2014
Ottawa Trust Accounts	\$ 10,623	\$ 53,469

The Ottawa Trust Accounts arise from monies 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 governed primarily by Sections 63 and 69 of the *Indian Act*.

Funds on deposit in the Ottawa Trust Accounts may be withdrawn by Band Council Resolution.

8. Investments

	2015	2014
Borland Creek Logging Ltd.		
Equity	\$ 856,849	\$ 936,197
Common shares	3	3
	<u>856,852</u>	<u>936,200</u>
Sugar Cane Development Corporation Ltd.		
Advances - Golf Course construction project	993,875	993,875
Advances	232,469	232,469
Deficiency	(134,766)	(57,662)
Common shares	1	1
	<u>1,091,579</u>	<u>1,168,683</u>
Sugarcane Petroleum Products Corporation		
Advances	231,742	231,742
Equity	973,153	999,856
Common shares	3	3
	<u>1,204,898</u>	<u>1,231,601</u>
Sugar Cane Enterprises Ltd.		
Advances	1,275,415	1,058,056
Deficiency	376,637	(237,475)
Common shares	2	2
	<u>898,780</u>	<u>820,583</u>
Sugar Cane Wood Products Ltd.		
Deficiency	(14,592)	(13,392)
Common shares	3	3
	<u>(14,589)</u>	<u>(13,389)</u>
Sugar Cane TreadPro Limited		
Advances	375,818	375,818
Deficiency	(993,972)	(890,408)
Common shares	3	3
	<u>(618,151)</u>	<u>(514,587)</u>
Sugar Cane Community Diversification Association		
(Deficiency) Equity	<u>(5,877)</u>	18,241

(continues)

WILLIAMS LAKE INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

8. Investments (continued)

	2015	2014
Williams Lake Community Forest		
Advances	161,699	-
Allowance for impairment	86,699	-
	<u>75,000</u>	<u>-</u>
	\$ 3,488,492	\$ 3,647,332

There are no specific terms of repayment on the unsecured, non-interest bearing advances receivable.

The investments are accounted for by the modified equity method. Under this method, the cost of the investment is adjusted for earnings from the date of acquisition.

The following summarizes condensed financial information from the unaudited financial statements of the companies.

Borland Creek Logging Ltd.

Balance Sheet

Current assets	\$ 463,882	\$ 612,379
Restricted cash	97,909	97,134
Property and equipment	<u>1,267,490</u>	<u>1,235,525</u>
	\$ 1,829,281	\$ 1,945,038
Current liabilities	\$ 661,639	\$ 487,813
Long term debt	139,793	334,766
Silviculture liability	21,981	37,243
Shareholder's equity	<u>1,005,868</u>	<u>1,085,216</u>
	\$ 1,829,281	\$ 1,945,038

Statement of Operations

Revenue	\$ 3,047,568	\$ 3,236,436
Operating and administrative expenses	<u>3,126,916</u>	<u>3,361,451</u>
Net income (loss) for the year	(79,348)	(125,015)
Shareholder's equity - beginning of year	<u>1,085,216</u>	<u>1,210,231</u>
Shareholder's equity - end of year	\$ 1,005,868	\$ 1,085,216

(continues)

Notes to Consolidated Financial Statements
Year Ended March 31, 2015

8. Investments (continued)

	2015	2014
Sugar Cane Development Corporation Ltd.		
Balance Sheet		
Current assets	\$ 3,310,961	\$ 787,512
Property and equipment	346,994	370,955
	<u>\$ 3,657,955</u>	<u>\$ 1,158,467</u>
Current liabilities	\$ 2,423,466	\$ 219,658
Due to Williams Lake Indian Band	1,369,254	996,470
Shareholder's deficiency	<u>(134,765)</u>	<u>(57,661)</u>
	<u>\$ 3,657,955</u>	<u>\$ 1,158,467</u>
Sugar Cane Development Corporation Ltd.		
Statement of Operations		
Revenue	\$ 349,389	\$ 458,312
Operating and administrative expenses	426,493	282,023
Net income (loss) for the year	(77,104)	176,289
Deficiency - beginning of year	<u>(57,661)</u>	<u>(233,950)</u>
Deficiency - end of year	<u>\$ (134,765)</u>	<u>\$ (57,661)</u>
Sugarcane Petroleum Products Corporation		
Balance Sheet		
Current assets	\$ 489,995	\$ 686,099
Due from related parties	707,463	729,431
Property and equipment	363,384	394,257
	<u>\$ 1,560,842</u>	<u>\$ 1,809,787</u>
Current liabilities	\$ 209,724	\$ 578,186
Due to Williams Lake Indian Band	377,961	231,742
Shareholder's equity	<u>973,157</u>	<u>999,859</u>
	<u>\$ 1,560,842</u>	<u>\$ 1,809,787</u>

(continues)

Notes to Consolidated Financial Statements

Year Ended March 31, 2015

8. Investments (continued)

	2015	2014
Sugarcane Petroleum Products Corporation		
Schedule of Operations		
Revenue	\$ 3,895,813	\$ 3,048,778
Cost of sales	3,498,155	2,767,283
Operating and administrative expenses	279,016	166,744
	118,642	114,751
Other expenses	145,344	85,574
Net income (loss) for the year	(26,702)	29,177
Shareholder's equity - beginning of year	999,859	970,682
Shareholder's equity - end of year	\$ 973,157	\$ 999,859
Sugar Cane Enterprises Ltd		
Balance Sheet		
Current assets	\$ 24,931	\$ 20,974
Property and equipment	3,051,252	3,096,408
	\$ 3,076,183	\$ 3,117,382
Current liabilities	\$ 855,170	\$ 892,814
Long term debt	1,223,260	1,308,080
Due to Williams Lake Indian Band	1,278,482	1,058,056
Shareholder's deficiency	(280,729)	(141,568)
	\$ 3,076,183	\$ 3,117,382
Statement of Operations		
Revenue	\$ 202,037	\$ 222,845
Operating and administrative expenses	341,198	367,971
Net loss for the year	(139,161)	(145,126)
Shareholder's deficiency - beginning of year	(141,568)	3,558
Sugar Cane Wood Products Ltd.	\$ (280,729)	\$ (141,568)

(continues)

Notes to Consolidated Financial Statements
Year Ended March 31, 2015

8. Investments (continued)

	2015	2014
Sugar Cane Wood Products Ltd.		
Balance Sheet		
Current assets	\$ -	\$ -
Current liabilities	\$ 14,589	\$ 13,389
Shareholder's deficiency	(145,589)	(13,389)
	\$ -	\$ -
Sugar Cane Wood Products Ltd.		
Statement of Operations		
Revenue	\$ -	\$ -
Operating and administrative expenses	1,200	5,038
Net loss for the year	1,200	(5,038)
Deficiency - beginning of year	(13,389)	(8,351)
Deficiency - end of year	\$ (14,589)	\$ (13,389)
Sugar Cane TreadPro Ltd.		
Balance Sheet		
Current assets	\$ 209,795	\$ 154,272
Property and equipment	837,006	874,534
	\$ 1,046,801	\$ 1,028,806
Current liabilities	\$ 820,041	\$ 846,460
Long term debt	149,495	-
Due to Williams Lake Indian Band	381,432	375,818
Due to Sugarcane Petroleum Products Corporation	689,807	696,933
Shareholder's deficiency	(993,974)	(890,405)
	\$ 1,046,801	\$ 1,028,806
Statement of Operations		
Revenue	\$ 905,387	\$ 760,108
Cost of sales	751,390	657,095
Operating and administrative expenses	257,566	209,157
Net loss for the year	(103,569)	(106,144)
Deficiency - beginning of year	(890,405)	(784,261)
Deficiency - end of year	\$ (993,974)	\$ (890,405)

(continues)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended March 31, 2015

8. Investments (continued)

	2015	2014
Sugarcane Community Diversification Association		
Balance Sheet		
Current assets	\$ 712	\$ 27,699
Current liabilities	\$ 6,589	\$ 9,458
Shareholder's equity (deficiency)	(5,877)	18,241
	\$ 712	\$ 27,699
Statement of Operations		
Revenue	\$ 36,500	\$ 98,504
Operating and administrative expenses	60,618	80,263
Net income (loss) for the year	(24,118)	18,241
Equity - beginning of year	18,241	-
Equity (deficiency) - end of year	\$ (5,877)	\$ 18,241

9. Bank advances

	2015	2014
Bank of Montreal revolving credit lines and outstanding cheques.	\$ 3,136,483	\$ 374,322
Bank of Montreal demand loan bearing interest at prime plus .5% per annum, repayable in monthly blended payments of \$5,458.	136,392	196,011
Bank of Montreal demand loan bearing interest at prime plus .5% per annum, repayable in monthly blended payments of \$5,567. The loan was retired.	-	164,562
Bank of Montreal demand loan bearing interest at prime plus 0.5% per annum, repayable in monthly blended payments of \$7,611.	251,155	-
Bank of Montreal demand loan bearing interest at prime plus 0.5% per annum, repayable in monthly blended payments of \$1,070.	181,765	-
Bank of Montreal demand loan bearing interest at prime plus 0.5% per annum, repayable in monthly blended payments of \$1,667.	55,000	-
	\$ 3,760,795	\$ 734,895

(continues)

WILLIAMS LAKE INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

9. Bank advances (continued)

Provided the bank does not demand repayment of the demand loans in full, principal repayments due in each of the next five years are scheduled as follows:

2016	\$ 170,540
2017	176,605
2018	115,974
2019	7,500
Thereafter	<u>153,693</u>
	<u>\$ 624,312</u>

The Bank of Montreal's revolving credit lines are secured by a general security agreement and bear interest at the bank's prime rate plus .50%. The maximum amount to be advanced under the credit accommodations is \$350,000. The Bank's demand loan is secured by a general security agreement.

10. Accounts payable and accrued liabilities

	<u>2015</u>	<u>2014</u>
Trade accounts - construction in progress	\$ 36,281	\$ 45,000
Trade accounts - regular operating	201,424	171,546
Accrued payroll and source deductions	100,790	58,815
GST collected	16,679	-
AANDC surplus recoveries	196,272	73,988
Other accrued liabilities	<u>38,348</u>	<u>57,909</u>
	<u>\$ 589,794</u>	<u>\$ 407,258</u>

11. Deferred revenue

The Band has recorded the following externally restricted surpluses as deferred revenue to be used in the completion of ongoing capital projects:

	<u>2015</u>	<u>2014</u>
Highway 97 Corridor Infrastructure Fund	\$ -	\$ 1,204,187
Special Services - ACRS Group 2 Fund	21,438	21,438
Sewer Lagoon Upgrade Fund - CPMS #10966	3	3
	<u>\$ 21,441</u>	<u>\$ 1,225,628</u>

WILLIAMS LAKE INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

12. Long term debt

	2015	2014
All Nations Trust Company - Phase III loan bearing interest at 1.39% per annum, repayable in monthly blended payments of \$1,822. The loan matured on January 1, 2015	\$ -	\$ 18,104
All Nations Trust Company - Phase V loan bearing interest at 1.65% per annum, repayable in monthly blended payments of \$2,536. The loan matures on June 1, 2017.	67,164	96,227
Ford Credit Canada Limited retail installment contract bearing interest at 6.39% per annum, repayable in monthly blended payments of \$651. The loan matures on April 1, 2017.	8,170	15,218
Xerox Canada finance contract bearing interest at 8.837% per annum, repayable in quarterly blended payments of \$1,798. The finance contract matures on May 26, 2017.	14,523	20,110
	<u>\$ 89,857</u>	<u>\$ 149,659</u>

Principal repayment terms are approximately:

2016	\$ 43,026
2017	37,213
2018	9,618
	<u>\$ 89,857</u>

The Phase V loan is secured by the ministerial guarantee of the Minister of Finance - Canada.

The Ford Credit Canada Limited contract is secured by a charge on the Band's 2011 Ford F250 truck, with a carrying value of \$7,930.

WILLIAMS LAKE INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

13. Tangible capital assets

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Automotive equipment	\$ 1,016,863	\$ 888,075	\$ 128,788	\$ 70,756
Buildings and infrastructure	18,895,375	2,823,410	16,071,965	12,741,562
Computer and office equipment	1,224,182	891,274	332,908	217,572
CMHC Social Housing	2,934,712	1,965,619	969,093	1,016,261
	\$ 24,071,132	\$ 6,568,378	\$ 17,502,754	\$ 14,046,151

During the year, the following transactions occurred in the Band's tangible capital asset accounts:

Tangible capital asset acquisitions:

Water utility project	\$ 198,528
Highway 97 corridor	3,171,038
Sewage lagoon upgrade	168,419
Pumper fire truck	122,821
Computer and office equipment	51,410
Forest harvest equipment	103,104
2005 Chevrolet van	10,122
	\$ 3,825,442

Accumulated amortization:	Balance April 1, 2014	2015 Provision	Balance March 31, 2015
Automotive equipment	\$ 832,880	\$ 55,194	\$ 888,074
Buildings and infrastructure	2,615,828	207,583	2,823,411
Computers and office equipment	832,380	58,894	891,274
CMHC Social Housing	1,918,451	47,168	1,965,619
	\$ 6,199,539	\$ 368,839	\$ 6,568,378

There were no asset disposals during the year (2014 - \$nil). There were no asset write-downs during the year (2014 - \$nil).

14. Band equity - accumulated surplus

The accumulated surplus consists of the following fund balances:

	2015	2014
Operating and Capital Projects Fund	\$ 19,409,749	\$ 15,866,023
CMHC Social Housing Fund	(42,935)	(109,135)
Ottawa Trust Fund	10,623	53,469
Investment in Band Business Enterprises	304,156	755,354
Treaty Self Government Program	21,925	19,054
	\$ 19,703,518	\$ 16,584,765

WILLIAMS LAKE INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

15. Replacement reserve

The replacement reserve represents funds set aside by the Band to fund future anticipated costs. The reserve fund balance consists of the following amounts:

	<u>2015</u>	<u>2014</u>
CMHC replacement reserve - beginning of year	\$ 77,960	\$ 73,334
Contributions required	11,139	11,139
Expenditures for replacements	<u>(6,512)</u>	<u>(6,513)</u>
CMHC replacement reserve - end of year	<u>\$ 82,587</u>	<u>\$ 77,960</u>

Under the terms of the mortgage agreements with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$11,139 annually. These funds, along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used as approved by Canada Mortgage and Housing Corporation.

16. Contributed surplus

Contributed surplus consists of the following:

	<u>2015</u>	<u>2014</u>
Band construction contribution	\$ 522,430	\$ 522,430
Land	<u>379,500</u>	<u>379,500</u>
	<u>\$ 901,930</u>	<u>\$ 901,930</u>

17. Financial instruments and risk management

The Band's financial instruments consist of cash, cash restricted as to use, accounts receivable, trust funds held by Canada, bank advances, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the Band is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The Band is exposed to financial risk that arises from the credit quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which the Band provides services may experience financial difficulty and be unable to fulfill their obligations.

The Band is exposed to interest rate risk arising from fluctuations in interest rates on its cash and investments and does not hold any financial instruments that mitigate this risk.

18. Federal assistance payments

Williams Lake Indian Band Social Housing Fund has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the National Housing Act to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received for the year ended March 31, 2015 was \$17,817 (2014 - \$18,931). This assistance will continue, providing the Band is not in default of the agreement.

WILLIAMS LAKE INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

19. Contingent liabilities

Guarantee of debts owing by related parties

The Band has guaranteed a \$50,000 line of credit for Borland Creek Logging Ltd. As at March 31, 2015, Borland Creek Logging Ltd. had no outstanding indebtedness on the line of credit. The Band has guaranteed conditional financing agreements for log harvest equipment operated by Borland Creek Logging Ltd. As at March 31, 2015, the balances of the conditional financing agreements aggregated \$620,233.

The Band has guaranteed bank indebtedness and callable loans of Sugar Cane TreadPro Limited. The guarantee is for \$790,000. As at March 31, 2015, the balances outstanding on these accounts were \$642,501.

The Band has guaranteed a bank line of credit of \$50,000 and callable loan of \$184,163 for Sugar Cane Enterprises Ltd. As at March 31, 2015, the balances outstanding were \$173,792.

The Band has guaranteed a bank line of credit of \$350,000 and a demand loan of \$145,939 for Sugarcane Petroleum Products Corporation. As at March 31, 2015, the balances outstanding were \$113,990.

Band member loans

The Band has guaranteed loans made in previous years by various financial institutions under the CMHC Housing Program and to Band members. The original balances on these loans were \$1,510,501. As at March 31, 2015 the balances outstanding were:

CMHC Housing Program	\$ 67,164
Guaranteed on behalf of Band members	\$ 786,459

20. Reconciliation of AANDC Comprehensive Funding Arrangement Revenue

Pursuant to the Reporting Guide's Financial Reporting Requirements, the following reconciliation has been prepared:

Revenue total as per 2015 funding confirmation	<u>\$ 4,734,259</u>
AANDC Revenue as per Consolidated Statement of Operations	
Operating	2,914,183
Capital	<u>1,820,376</u>
	4,734,559
Revenues in 2015 pertinent to fiscal 2014	<u>(300)</u>
	<u>\$ 4,734,259</u>

21. Band registered pension plan

The Band provides a defined contribution pension plan to qualifying employees. Under the plan, the defined members' contributions, the Band contributions, and the related plan earnings comprise the members' money purchase amount. The plan is registered with the Canada Revenue Agency.

The Band contributed \$63,175 to the plan during the year ended March 31, 2015 (2014 - \$53,224), to match its employees' required contributions.

WILLIAMS LAKE INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

22. Related party transactions

These consolidated financial statements include the following transactions with related parties. These transactions are at market value.

	<u>2015</u>	<u>2014</u>
Supplies and services provided by:		
Sugar Cane Treadpro	\$ 9,992	\$ -
Sugar Cane Community Diversity Association	2,807	-
Sugarcane Petroleum Products Corporation	16,831	8,303
Sugar Cane Development Corporation	2,864,185	216
Borland Creek Logging Ltd.	95,829	70,821
	<u>\$ 2,989,644</u>	<u>\$ 79,340</u>
Supplies and services provided to:		
Borland Creek Logging Ltd.	\$ 58,372	\$ 38,938
Sugar Cane Community Diversification Association	34,100	-
Sugar Cane Development Corporation	373,000	-
Sugar Cane Treadpro	57,147	-
Sugarcane Petroleum Products Corporation	6,914	9,216
	<u>\$ 529,533</u>	<u>\$ 48,154</u>
Royalties received from:		
Sugarcane Petroleum Products Corporation	\$ 147,544	\$ 104,174
Borland Creek Logging Ltd.	75,000	75,000
	<u>\$ 222,544</u>	<u>\$ 179,174</u>

23. Contingent asset

On June 8, 2006, the Indian Claims Commission issued a decision in favour of the Williams Lake Indian Band regarding the Band's claim to two village sites which had been illegally pre-empted in the 1860s. Both of these village sites are now located in the City of Williams Lake. The Commission found that both the Colony of British Columbia (now the Province of British Columbia) and Canada had a fiduciary obligation to the Williams Lake Indian Band that was breached by both governments.

On June 4 through 7, 2013, the parties met to complete negotiations with respect to this matter. The presiding judge now has rendered a decision in favour of the Band. Canada has requested a judicial review of the case. Finalization of the review has not been completed.

The monetary effect of the decision has not yet been determined. The settlement will be recorded in the accounts of the Band upon completion of the judicial review.

WILLIAMS LAKE INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

24. Expenses by object

	2015	2014
Salaries, wages and benefits	\$ 1,993,248	\$ 1,687,603
Materials and supplies	324,031	151,241
Contracted services	1,110,412	1,032,779
Rent, maintenance and utilities	405,939	359,769
Honoraria	87,172	86,493
Insurance	109,583	80,838
Education	1,011,234	1,014,358
Bank charges and interest	26,860	35,998
Amortization	368,839	333,286
Travel	183,959	211,990
Social assistance	266,124	295,545
Provision for doubtful accounts	73,022	-
	\$ 5,960,423	\$ 5,289,900

25. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.