

**WILLIAMS LAKE INDIAN BAND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**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 consolidated 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 that 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 fulfills 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 consolidated 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 FBB Chartered Professional Accountants LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. FBB Chartered Professional Accountants LLP has full access to the Chief and Council.

Chief

Councilor

Councilor





**CHARTERED  
PROFESSIONAL  
ACCOUNTANTS LLP**

**D. Kane Fraser, CPA, CA\***  
*Partner*

**Ryan Broughton, CPA, CA\***  
*Partner*

*\*Denotes incorporated professional*

2.

## **INDEPENDENT AUDITOR'S REPORT**

To the Members,  
Williams Lake Indian Band

We have audited the accompanying consolidated financial statements of the Williams Lake Indian Band, which comprise the statement of financial position as at March 31, 2016, and the statement 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 principles, 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.

### **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 of 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.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Williams Lake Indian Band as at March 31, 2016, and its changes in net financial assets, operations and cash flows for the year then ended in accordance with Canadian public sector accounting principles.

Williams Lake, BC  
July 18, 2016



FBB CHARTERED PROFESSIONAL  
ACCOUNTANTS LLP

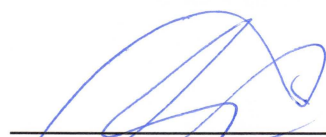
**WILLIAMS LAKE INDIAN BAND**

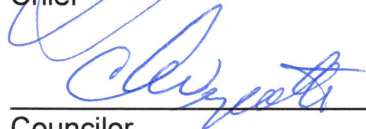
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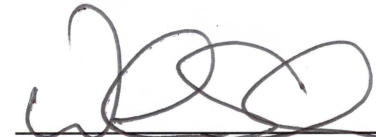
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>FINANCIAL ASSETS</b>		
Cash (Note 4)	\$ 1,788,825	\$ 2,636,252
Cash restricted as to use (Note 5)	83,291	82,632
Accounts receivable (Note 6)	940,731	1,406,914
Trust funds held by Canada (Note 7)	10,617	10,623
Inventory	128,400	-
Long term investments (Note 8)	<u>5,237,508</u>	<u>3,183,482</u>
	<u>8,189,372</u>	<u>7,319,903</u>
<b>LIABILITIES</b>		
Bank advances (note 9)	3,609,709	3,760,795
Accounts payable and accrued liabilities (note 10)	713,338	594,968
Deferred revenue (note 11)	991,127	21,441
Long term debt (note 12)	<u>47,535</u>	<u>89,857</u>
	<u>5,361,709</u>	<u>4,467,061</u>
<b>NET FINANCIAL ASSETS</b>	<u>2,827,663</u>	<u>2,852,842</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 13)	19,297,287	17,502,754
Prepaid expenses	<u>15,043</u>	<u>22,255</u>
	<u>19,312,330</u>	<u>17,525,009</u>
<b>BAND EQUITY</b>	\$ <u>22,139,993</u>	\$ <u>20,377,851</u>
<b>BAND EQUITY</b>		
Unrestricted (note 14) - page 5.1	\$ 21,147,191	\$ 19,393,334
Replacement reserve (note 15)	<u>90,872</u>	<u>82,587</u>
	21,238,063	19,475,921
Contributed surplus (note 16)	<u>901,930</u>	<u>901,930</u>
	\$ <u>22,139,993</u>	\$ <u>20,377,851</u>

APPROVED ON BEHALF OF THE WILLIAMS LAKE INDIAN BAND

  
 \_\_\_\_\_  
 Chief

  
 \_\_\_\_\_  
 Councilor

  
 \_\_\_\_\_  
 Councilor

The accompanying notes and schedules are an integral part of this statement.

**WILLIAMS LAKE INDIAN BAND**

4.

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED MARCH 31, 2016

	2016 Budget (unaudited)	<u>2016</u>	<u>2015</u>
NET REVENUE FOR THE YEAR	\$ (1,091,984)	\$ 1,753,857	\$ 3,118,753
Allocation to replacement reserve	-	8,285	4,627
Amortization	-	327,590	368,839
Decrease in prepaid expenses	-	7,212	(7,071)
Tangible capital asset acquisitions	<u>-</u>	<u>(2,122,123)</u>	<u>(3,825,442)</u>
DECREASE IN NET FINANCIAL ASSETS	(1,091,984)	(25,179)	(340,294)
NET FINANCIAL ASSETS - Beginning of year	<u>2,852,842</u>	<u>2,852,842</u>	<u>3,193,136</u>
NET FINANCIAL ASSETS - End of year	\$ <u>1,760,858</u>	\$ <u>2,827,663</u>	\$ <u>2,852,842</u>

The accompanying notes and schedules are an integral part of this statement.

**WILLIAMS LAKE INDIAN BAND**

5.1

**CONSOLIDATED STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31, 2016**

	2016 BUDGET (unaudited)	2016 <u>ACTUAL</u>	2015 <u>ACTUAL</u>
REVENUES - page 5.2	\$ 5,453,375	\$ 12,374,275	\$ 8,379,527
DEFERRED REVENUE FROM PRIOR YEAR	-	21,441	1,225,628
DEFERRED REVENUE TO FOLLOWING YEAR	<u>-</u>	<u>(991,127)</u>	<u>(21,441)</u>
	5,453,375	11,404,589	9,583,714
EXPENSES - page 5.3	<u>6,545,359</u>	<u>11,375,251</u>	<u>5,960,243</u>
NET REVENUE BEFORE THE FOLLOWING	<u>(1,091,984)</u>	<u>29,338</u>	<u>3,623,471</u>
OTHER REVENUE (EXPENSES)			
Tangible capital assets and livestock purchased	-	2,195,023	-
INAC/AANDC recoveries	-	(203,391)	(154,391)
Transfer from Ottawa Trust	-	2,031	47,469
Transfer from Social Housing	-	-	53,402
Operating results of Band enterprises	<u>-</u>	<u>(269,144)</u>	<u>(451,198)</u>
NET REVENUE FOR THE YEAR	<u>(1,091,984)</u>	<u>1,753,857</u>	<u>3,118,753</u>
ACCUMULATED SURPLUS - beginning of year	19,698,344	19,698,344	16,579,591
RESTATEMENT OF PRIOR YEAR (note 24)			
Adjusted Equity in Sugar Cane			
Petroleum Products Corporation	<u>(305,010)</u>	<u>(305,010)</u>	<u>(305,010)</u>
ACCUMULATED SURPLUS - as restated			
- Beginning of year	<u>19,393,334</u>	<u>19,393,334</u>	<u>16,274,581</u>
ACCUMULATED SURPLUS -			
End of year - to page 3	\$ <u>18,301,350</u>	\$ <u>21,147,191</u>	\$ <u>19,393,334</u>

The accompanying notes and schedules are an integral part of these statements.

**WILLIAMS LAKE INDIAN BAND**

5.2

**STATEMENT OF OPERATIONS**

**CONSOLIDATED REVENUES**

**FOR THE YEAR ENDED MARCH 31, 2016**

	2016 BUDGET <u>(unaudited)</u>	2016 <u>ACTUAL</u>	2015 <u>ACTUAL</u>
REVENUES			
Federal Government			
INAC - Operating	\$ 2,627,387	\$ 2,899,392	\$ 2,914,183
INAC - Capital	28,355	28,355	1,820,376
Northern Shuswap Treaty Society	306,810	328,335	338,420
CCATEC	76,444	116,401	109,083
First Nations Health Authority	62,486	62,486	72,703
CMHC	12,402	15,902	17,817
Three Corners Health Services Society	15,000	15,100	16,000
Northern Shuswap Tribal Council	34,664	45,828	4,183
Canada Youth	-	-	4,450
Province of British Columbia	765,693	5,598,076	762,125
Sale of Band land	-	1,600,000	-
Service contracts and fees	293,200	235,790	601,955
Mount Polley Gold Mines	180,000	180,000	376,589
Rentals	293,996	293,151	286,353
Royalties	175,000	223,396	222,544
Gibraltar Mine	110,000	110,000	173,121
Tolko Industries Ltd.	60,000	180,690	71,140
Spectra Energy	50,000	50,000	50,000
Increase in livestock inventory	-	48,000	-
Cariboo Regional District	-	-	44,942
First Nations Education Steering Committee	42,958	47,793	43,009
Soda Creek Indian Band	-	40,620	1,685
Atlantic Power	-	39,516	-
Borland Creek Logging Ltd.	25,000	23,742	40,261
Donations and fundraising	42,500	54,162	30,884
Interest income	10,000	11,376	30,644
Knucwentwecw Society	-	-	30,000
Pioneer Log Homes	-	25,000	25,000
Property taxes	20,052	18,536	21,119
BC Treaty Commission	-	14,700	-
Insurance proceeds	-	11,304	13,346
Work Opportunities	-	-	9,020
Terra Archaeology Ltd.	3,500	28,306	10,406
New Relationship Trust	4,000	4,000	9,418
BC Hydro	6,158	6,158	6,158
Daycare fees	44,520	6,408	3,758
Northern Development Initiatives Trust	7,500	10,500	-
All other	<u>155,750</u>	<u>1,252</u>	<u>218,835</u>
TOTAL REVENUES - to page 5.1	\$ <u>5,453,375</u>	\$ <u>12,374,275</u>	\$ <u>8,379,527</u>

The accompanying notes and schedules are an integral part of these statements.



**WILLIAMS LAKE INDIAN BAND**

5.3

## STATEMENT OF OPERATIONS

## CONSOLIDATED EXPENSES

FOR THE YEAR ENDED MARCH 31, 2016

	2016 BUDGET <u>(unaudited)</u>	2016 <u>ACTUAL</u>	2015 <u>ACTUAL</u>
EXPENSES			
Administration	\$ 1,614,159	\$ 1,482,509	\$ 1,377,375
Amortization	-	327,590	368,839
CMHC Housing Program	21,739	26,811	52,692
Capital projects	617,355	3,084,209	70,499
Education	1,992,251	2,086,804	1,576,371
Natural resources	751,406	971,678	977,671
Public works	582,346	553,972	661,646
Purchase of 150 Mile Ranch	-	2,036,151	-
Recreation	201,988	171,694	152,006
Social development	468,508	318,836	421,437
Treaty	<u>295,607</u>	<u>314,997</u>	<u>301,707</u>
TOTAL EXPENSES - to page 5.1	\$ <u>6,545,359</u>	\$ <u>11,375,251</u>	\$ <u>5,960,243</u>

The accompanying notes and schedules are an integral part of these statements.

**WILLIAMS LAKE INDIAN BAND**

6.

**CONSOLIDATED STATEMENT OF CASH FLOW**

**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>2016</u>	<u>2015</u>
CASH PROVIDED (USED) BY:		
Operating Activities		
Net revenue for the year	\$ 1,753,857	\$ 3,118,753
Items not involving cash:		
Amortization	327,590	368,839
Operating results of Band enterprises	<u>269,144</u>	<u>451,198</u>
	<u>2,350,591</u>	<u>3,938,790</u>
Changes in non-cash operating items:		
Replacement reserve	8,285	4,627
Cash restricted as to use	(659)	(8,161)
Accounts receivable	466,182	(451,247)
Inventory	(128,400)	-
Accounts payable and accrued liabilities	118,370	182,536
Deferred income	969,686	(1,204,187)
Prepaid expenses	<u>7,212</u>	<u>(7,071)</u>
	<u>1,440,676</u>	<u>(1,483,503)</u>
Cash flows from operating activities	<u>3,791,267</u>	<u>2,455,287</u>
Cash flows from (used by) investing activities		
Trust funds held by Canada	6	42,846
Advances to related parties	<u>(2,323,169)</u>	<u>(292,358)</u>
Cash flows used by investing activities	<u>(2,323,163)</u>	<u>(249,512)</u>
Cash flows from (used by) financing activities		
Increase (decrease) in bank advances	(151,086)	3,025,900
Repayment of long term debt	<u>(42,322)</u>	<u>(59,802)</u>
Cash flows from (used by) financing activities	<u>(193,408)</u>	<u>2,966,098</u>
Cash flows used by capital activities		
Purchase of tangible capital assets	<u>(2,122,123)</u>	<u>(3,825,442)</u>
INCREASE (DECREASE) IN CASH	(847,427)	1,346,431
CASH - Beginning of year	<u>2,636,252</u>	<u>1,289,821</u>
CASH - End of year	\$ <u>1,788,825</u>	\$ <u>2,636,252</u>
Cash flows supplementary information:		
Interest received	\$ <u>11,376</u>	\$ <u>30,644</u>
Interest paid	\$ <u>56,356</u>	\$ <u>26,860</u>

The accompanying notes and schedules are an integral part of these statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2016****1. BASIS OF PRESENTATION**

In order to satisfy the Reporting Guide's Financial Reporting Requirements of Indigenous and Northern Affairs Canada these consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards, as defined in the Chartered Professional Accountants Canada 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 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 Government and all related entities which are accountable to the Band 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:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

## 1. BASIS OF PRESENTATION (continued)

## c. Reporting entity and principles of financial reporting (continued)

- 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.

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 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
- Chief William RV Campsite Ltd.

## 2. SIGNIFICANT ACCOUNTING POLICIES

## a. 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.

## b. 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 assets;
- Have useful economic lives extending beyond an accounting period;
- Are to be used on a continuous basis; and
- Are not for sale in the ordinary course of operations.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## b. Tangible capital assets (continued)

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

Tangible capital assets are amortized over their expected useful lives 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 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.

## c. 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.

## d. Surplus recoveries and deficit funding

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

## e. 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 Indigenous and Northern Affairs Canada.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## f. Revenue recognition

Revenue is recognized as it becomes receivable 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 Consolidated Statement of Financial Position.

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

## g. Use of estimates

The preparation of consolidated 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 consolidated 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.

## h. 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 Chartered Professional Accountants Canada.

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.

## 3. ECONOMIC DEPENDENCE

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

## 4. CASH

Cash includes the following:

	<u>2016</u>	<u>2015</u>
Operations	\$ <u>1,788,825</u>	\$ <u>2,636,252</u>

## 5. CASH RESTRICTED AS TO USE

Replacement Reserve	\$ <u>83,291</u>	\$ <u>82,632</u>
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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>2016</u>	<u>2015</u>
Due from members:		
Rent-to-own-program	\$ 174,730	\$ 181,765
Rent	325,235	342,912
Less: Allowance for doubtful accounts	<u>(138,003)</u>	<u>(138,003)</u>
	361,962	386,674
Due from others:		
Consulting fees	-	373,000
Province of British Columbia	295,917	282,598
INAC	20,456	47,178
CCATEC	22,739	20,083
GST recoverable	34,892	35,325
Northern Shuswap Treaty Society	65,835	73,070
First Nations Emergency Services Society	27,500	-
All other	<u>111,431</u>	<u>188,986</u>
	\$ <u>940,731</u>	\$ <u>1,406,914</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

7. TRUST FUNDS HELD BY CANADA	<u>2016</u>	<u>2015</u>
Ottawa Trust Accounts	\$ <u>10,617</u>	\$ <u>10,623</u>

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 primarily governed 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	<u>2016</u>	<u>2015</u>
Borland Creek Logging Ltd.		
Equity	\$ 783,782	\$ 856,849
Common shares	<u>3</u>	<u>3</u>
	<u>783,785</u>	<u>856,852</u>
Sugar Cane Development Corporation Ltd.		
Advances - Golf Course construction project	993,875	993,875
Advances	232,469	232,469
Deficiency	(53,024)	(134,766)
Common shares	<u>1</u>	<u>1</u>
	<u>1,173,321</u>	<u>1,091,579</u>
Sugarcane Petroleum Products Corporation		
Advances	472,546	231,742
Equity	612,026	668,143
Common shares	<u>3</u>	<u>3</u>
	<u>1,084,575</u>	<u>899,888</u>
Sugar Cane Enterprises Ltd.		
Advances	2,703,256	1,275,415
Deficiency	(444,653)	(376,637)
Common shares	<u>2</u>	<u>2</u>
	<u>2,258,605</u>	<u>898,780</u>
Sugar Cane Wood Products Ltd.		
Deficiency	(14,592)	(14,592)
Common shares	<u>3</u>	<u>3</u>
	<u>(14,589)</u>	<u>(14,589)</u>
Chief William RV Campsite Ltd.		
Deficiency	(11,494)	-
Common shares	<u>3</u>	<u>-</u>
	<u>(11,491)</u>	<u>-</u>
Carry forward	\$ <u>5,260,480</u>	\$ <u>3,732,510</u>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

8. INVESTMENTS (continued)	<u>2016</u>	<u>2015</u>
Brought forward	\$ <u>5,260,480</u>	\$ <u>3,732,510</u>
Sugar Cane TreadPro Limited		
Advances	1,030,342	375,818
Deficiency	(1,112,613)	(993,972)
Common shares	<u>3</u>	<u>3</u>
	<u>(82,268)</u>	<u>(618,151)</u>
Sugar Cane Community Diversification Association		
Deficiency	<u>(29,430)</u>	<u>(5,877)</u>
Williams Lake Community Forest		
Advances	161,699	161,699
Allowance for impairment	<u>(86,699)</u>	<u>(86,699)</u>
	<u>75,000</u>	<u>75,000</u>
	\$ <u>5,237,508</u>	\$ <u>3,183,482</u>

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.

9. BANK ADVANCES	<u>2016</u>	<u>2015</u>
Bank of Montreal		
Revolving credit lines and outstanding cheques	\$ 373,354	\$ 3,136,483
Bank of Montreal		
Demand loan bearing interest at prime plus 0.5% per annum (currently 3.2%) repayable in monthly blended payments of \$17,505	3,061,625	-
Bank of Montreal		
Demand loan	-	136,392
Bank of Montreal		
Demand loan	<u>-</u>	<u>251,155</u>
Carry forward	\$ <u>3,434,979</u>	\$ <u>3,524,030</u>

**WILLIAMS LAKE INDIAN BAND**

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2016**

9. BANK ADVANCES	<u>2016</u>	<u>2015</u>
Brought forward	\$ 3,434,979	\$ 3,524,030
Bank of Montreal		
Demand loan bearing interest at prime plus 0.5% per annum (currently 3.2%) repayable in monthly blended payments of \$1,070	174,730	181,765
Bank of Montreal		
Demand loan	<u>-</u>	<u>55,000</u>
	\$ <u>3,609,709</u>	\$ <u>3,760,795</u>

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

2017	\$ 121,190
2018	125,189
2019	129,407
2020	133,750
2021	137,920
Thereafter	<u>2,588,899</u>
	\$ <u>3,236,355</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 0.5%. 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 and the guarantees of Sugar Cane Enterprises Ltd., Sugar Cane TreadPro Limited and Sugarcane Petroleum Products Corporation.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	<u>2016</u>	<u>2015</u>
Trade accounts - construction in progress	\$ -	\$ 36,281
Trade accounts - regular operating	406,897	206,598
Accrued payroll and source deductions	73,693	100,790
GST collected	1,357	16,679
INAC surplus recoveries	203,391	196,272
Other accrued liabilities	<u>28,000</u>	<u>38,348</u>
	\$ <u>713,338</u>	\$ <u>594,968</u>

**WILLIAMS LAKE INDIAN BAND**

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2016**

**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>2016</u>	<u>2015</u>
Highway 97 Corridor Infrastructure Fund	\$ 989,322	-
Private Housing Fund	1,805	-
Special Services - ACRS Group 2 Fund	-	21,438
Sewage Lagoon Upgrade Fund - CPMS #10966	<u>-</u>	<u>3</u>
	\$ <u>991,127</u>	\$ <u>21,441</u>

**12. LONG TERM DEBT**

**All Nations Trust**

Phase V loan bearing interest at 1.65 %  
per annum, repayable in monthly payments  
of \$2,536. The loan matures on June 1, 2017.

\$ 37,620	\$ 67,164
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**Ford Credit Canada Limited**

Retail installment contract bearing interest  
at 6.39% per annum, repayable in monthly  
blended payments of \$654. The loan matures  
April 1, 2017.

1,493	8,170
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**Xerox Canada Finance**

Finance contract bearing interest  
at 8.837% per annum, repayable in quarterly  
blended payments of \$1,798. The finance contract  
matures May 26, 2017.

<u>8,422</u>	<u>14,523</u>
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\$ <u>47,535</u>	\$ <u>89,857</u>
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Principal repayments terms are as follows:

2017	\$ 38,048
2018	<u>9,487</u>
	\$ <u>47,535</u>

The Ford Credit Canada Limited contract is secured by a charge on the Band's 2011 Ford F250 truck, with a carrying value of \$5,551.

**WILLIAMS LAKE INDIAN BAND**

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2016**

**13. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated Amortization	Net Book Value	
			2016	2015
Land	\$ 695,979	\$ -	\$ 695,979	\$ -
Land improvement	59,485	-	59,485	-
150 Mile Ranch	1,241,886	-	1,241,886	-
Automotive equipment	1,283,255	974,478	308,777	128,789
Buildings and infrastructure	18,895,373	3,023,934	15,871,439	16,071,963
Computer and office equipment	1,082,566	902,395	180,171	332,909
CMHC Social Housing	<u>2,934,712</u>	<u>1,995,162</u>	<u>939,550</u>	<u>969,093</u>
	\$ <u>26,193,256</u>	\$ <u>6,895,969</u>	\$ <u>19,297,287</u>	\$ <u>17,502,754</u>

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

150 Mile Ranch	\$ 1,997,350
2015 Chevrolet 29 passenger school bus	71,226
Computer network file server	23,162
Gym equipment	<u>30,385</u>
	\$ <u>2,122,123</u>

Amortization was recorded as follows:

	Balance as at <u>April 1, 2015</u>	2016 Provision	Balance as at <u>March 31, 2016</u>
Automotive equipment	\$ 888,074	\$ 86,404	\$ 974,478
Buildings and infrastructure	2,823,412	200,522	3,023,934
Computer and office equipment	891,274	11,121	902,395
CMHC Social Housing	<u>1,965,619</u>	<u>29,543</u>	<u>1,995,162</u>
	\$ <u>6,568,379</u>	\$ <u>327,590</u>	\$ <u>6,895,969</u>

There were no asset disposals during the year (2015 - \$nil). There were no asset write-downs during the year (2015 - \$nil).



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

## 14. BAND EQUITY - UNRESTRICTED

The accumulated surplus consists of the following fund balances:

	<u>2016</u>	<u>2015</u>
Operating and Capital Projects Fund	\$ 21,447,078	\$ 19,404,575
CMHC Social Housing Fund	(42,935)	(42,935)
Ottawa Trust Fund	10,617	10,623
Investment in Band Business Enterprises	(269,998)	(854)
Treaty Self-Government Fund	<u>2,429</u>	<u>21,925</u>
	<u>\$ 21,147,191</u>	<u>\$ 19,393,334</u>

## 15. REPLACEMENT RESERVE

The replacement reserve represents funds set aside by the Band to fund future replacement of CMHC funded tangible capital assets. The transactions on the replacement reserve account are as follows:

	<u>2016</u>	<u>2015</u>
CMHC replacement reserve - beginning of year	\$ 82,587	\$ 77,960
Contribution required	11,139	11,139
Expenditures for replacements	<u>(2,854)</u>	<u>(6,512)</u>
CMHC replacement reserve - End of year	<u>\$ 90,872</u>	<u>\$ 82,587</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 the 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

	<u>2016</u>	<u>2015</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>

Contributed surplus consists of the following:

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2013****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, investments, 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 PAYMENT**

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, 2016 was \$12,402 (2015 - \$17,817). This assistance will continue, providing the Band is not in default of the agreement.

**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, 2016, Borland Creek Logging Ltd. had no outstanding indebtedness on the line of credit. The Band has guaranteed capital leases for log harvest equipment operated by Borland Creek Logging Ltd. As at March 31, 2016, the balances of the conditional financing agreements aggregated \$578,712.

The Band has guaranteed bank indebtedness of Sugar Cane TreadPro Limited. The guarantee is for \$135,000. As at March 31, 2016, the balance outstanding on this account was \$125,900.

The Band has guaranteed a bank line of credit of \$50,000 for Sugar Cane Enterprises Ltd. As at March 31, 2016, the balance outstanding was \$50,893.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013

## 19. CONTINGENT LIABILITIES (CONTINUED)

## GUARANTEE OF DEBTS OWING BY RELATED PARTIES (continued)

The Band has guaranteed a bank line of credit of \$35,000 and demand loans for Sugarcane Petroleum Products Corporation. As at March 31, 2016, the balances outstanding were \$253,406.

## 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, 2016, the balances outstanding were:

CMHC Housing Program	\$ <u>37,620</u>
Guaranteed on behalf of Band members	\$ <u>716,472</u>

## 20. RECONCILIATION OF INAC COMPREHENSIVE FUNDING ARRANGEMENT REVENUE

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

INAC Confirmation	\$ 2,911,850
NP 87 revenue overpaid per INAC but on Schedule 77	<u>15,897</u>
	\$ <u>2,927,747</u>
INAC Revenue per schedule 1	
Operating	\$ 2,899,392
Capital	<u>28,355</u>
	\$ <u>2,927,747</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

## 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 amounts. The plan is registered with Canada Revenue Agency.

The Band contributed \$73,497 to the plan during the year ended March 31, 2016 (2015 - \$63,175) to match its employees' required contributions.

## 22. RELATED PARTY TRANSACTIONS

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

	<u>2016</u>	<u>2015</u>
SUPPLIES AND SERVICES PROVIDED BY:		
Sugar Cane TreadPro	\$ 20,497	\$ 9,992
Sugar Cane Community Diversity Association	-	2,807
Sugarcane Petroleum Products Corporation	12,772	16,831
Sugar Cane Development Corporation	-	2,864,185
Sugar Cane Enterprises	26,400	-
Borland Creek Logging Ltd.	<u>256,935</u>	<u>95,829</u>
	\$ <u>316,604</u>	\$ <u>2,989,644</u>
SUPPLIES AND SERVICES PROVIDED TO:		
Borland Creek Logging Ltd.	\$ 39,136	\$ 58,372
Sugar Cane Community Diversification Association	-	34,100
Sugar Cane Development Corporation	-	373,000
Sugar Cane TreadPro	18,890	57,147
Sugarcane Petroleum Products Corporation	<u>23,056</u>	<u>6,914</u>
	\$ <u>81,082</u>	\$ <u>529,533</u>
ROYALTIES RECEIVED FROM:		
Sugarcane Petroleum Products Corporation	\$ 148,396	\$ 147,544
Borland Creek Logging Ltd.	<u>75,000</u>	<u>75,000</u>
	\$ <u>223,396</u>	\$ <u>222,544</u>

**WILLIAMS LAKE INDIAN BAND**

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**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2016**

23. EXPENSES BY OBJECT	<u>2016</u>	<u>2015</u>
Salaries, wages and benefits	\$ 2,296,652	\$ 1,993,248
Materials and supplies	566,941	324,031
Contracted services	3,965,556	1,110,412
Purchase of 150 Mile Ranch	2,036,151	-
Rent, maintenance and utilities	411,331	405,939
Honoraria	124,032	87,172
Insurance	87,034	109,583
Education	1,090,850	1,011,234
Bank charges and interest	57,046	26,860
Amortization	327,590	368,839
Travel	205,481	183,959
Social assistance	206,587	266,124
Provision for doubtful accounts	<u>-</u>	<u>73,022</u>
	\$ <u>11,375,251</u>	\$ <u>5,960,423</u>

**24. RESTATEMENT OF PRIOR YEAR**

The Band has retroactively recorded the write off of an uncollectable account in one of the Band owned enterprises. All collection efforts have been exhausted with no success. The write off was charged to accumulated surplus and reduced the Band's equity in Band owned enterprises.

**25. COMPARATIVE FIGURES**

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