

WILLIAMS LAKE INDIAN BAND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

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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.

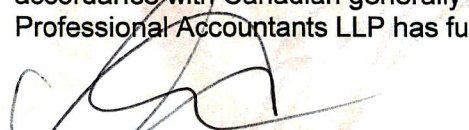
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen 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

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, 2017, and the statements of changes in net financial assets, operations, and cash flow 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.



**CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP**

D. Kane Fraser, CPA, CA*
Partner

Ryan Broughton, CPA, CA*
Partner

**Denotes incorporated professional*

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, 2017, and its changes in net financial assets, operations and cash flow for the year then ended in accordance with Canadian public sector accounting principles.

FBB

Williams Lake, British Columbia
June 19, 2017

FBB CHARTERED PROFESSIONAL
ACCOUNTANTS LLP

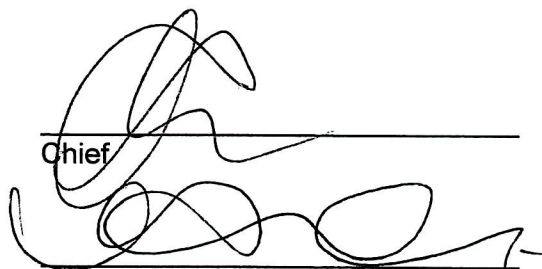
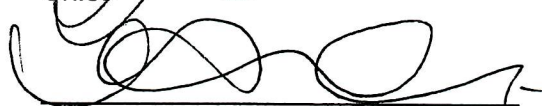
WILLIAMS LAKE INDIAN BAND

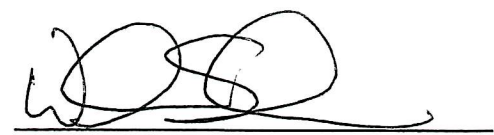
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash (Note 4)	\$ 1,493,333	\$ 1,788,825
Cash restricted as to use (Note 5)	91,209	83,291
Accounts receivable (Note 6)	815,203	940,731
Trust funds held by Canada (Note 7)	10,622	10,617
Inventory	141,116	128,400
Long term investments (Note 8)	<u>2,343,158</u>	<u>4,895,436</u>
	<u>4,894,641</u>	<u>7,847,300</u>
LIABILITIES		
Bank advances (note 9)	3,202,041	3,609,709
Accounts payable and accrued liabilities (note 10)	766,730	721,524
Deferred revenue (note 11)	757,128	991,127
Long term debt (note 12)	<u>9,344</u>	<u>47,535</u>
	<u>4,735,243</u>	<u>5,369,895</u>
NET FINANCIAL ASSETS	<u>159,398</u>	<u>2,477,405</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 13)	26,044,014	19,297,287
Prepaid expenses	<u>17,675</u>	<u>15,043</u>
	<u>26,061,689</u>	<u>19,312,330</u>
BAND EQUITY	\$ <u>26,221,087</u>	\$ <u>21,789,735</u>
BAND EQUITY		
Unrestricted (note 14) - page 5.1	\$ 25,276,246	\$ 20,796,933
Replacement reserve (note 15)	<u>42,911</u>	<u>90,872</u>
	25,319,157	20,887,805
Contributed surplus (note 16)	<u>901,930</u>	<u>901,930</u>
	\$ <u>26,221,087</u>	\$ <u>21,789,735</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, 2017

	2017 Budget (unaudited)	2017	2016
NET REVENUE FOR THE YEAR	\$ (188,041)	\$ 4,479,313	\$ 1,644,256
Allocation to replacement reserve	-	(47,961)	8,285
Amortization	-	361,065	327,590
(Increase) decrease in prepaid expenses	-	(2,632)	7,212
Tangible capital asset acquisitions	-	(7,107,792)	(2,122,123)
DECREASE IN NET FINANCIAL ASSETS	(188,041)	(2,318,007)	(134,780)
NET FINANCIAL ASSETS - Beginning of year	<u>2,477,405</u>	<u>2,477,405</u>	<u>2,612,185</u>
NET FINANCIAL ASSETS - End of year	\$ <u>2,289,364</u>	\$ <u>159,398</u>	\$ <u>2,477,405</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, 2017

	2017 BUDGET <u>(unaudited)</u>	2017 <u>ACTUAL</u>	2016 <u>ACTUAL</u>
REVENUES - page 5.2	\$ 9,603,396	\$ 11,471,880	\$ 12,374,275
DEFERRED REVENUE FROM PRIOR YEAR	991,127	991,127	21,441
DEFERRED REVENUE TO FOLLOWING YEAR	<u>-</u>	<u>(757,128)</u>	<u>(991,127)</u>
	10,594,523	11,705,879	11,404,589
EXPENSES - page 5.3	<u>10,691,969</u>	<u>11,716,549</u>	<u>11,375,251</u>
NET REVENUE BEFORE THE FOLLOWING	(97,446)	(10,670)	29,338
OTHER REVENUE (EXPENSES)			
Tangible capital assets and livestock purchased	-	4,133,040	2,195,023
INAC recoveries	(90,595)	(106,492)	(203,391)
Transfer from Ottawa Trust	-	2,033	2,031
Transfer from Social Housing	-	36,902	-
Operating results of Band enterprises	<u>-</u>	<u>424,500</u>	<u>(378,745)</u>
NET REVENUE FOR THE YEAR	<u>(188,041)</u>	<u>4,479,313</u>	<u>1,644,256</u>
ACCUMULATED SURPLUS - beginning of year	21,139,003	21,139,003	19,457,687
RESTATEMENT OF PRIOR YEAR (note 24)			
Advances to NSDC	(232,469)	(232,469)	-
Adjusted Equity in Sugarcane Petroleum Products Corporation	<u>(109,601)</u>	<u>(109,601)</u>	<u>(305,010)</u>
ACCUMULATED SURPLUS - as restated - Beginning of year	<u>20,796,933</u>	<u>20,796,933</u>	<u>19,152,677</u>
ACCUMULATED SURPLUS - End of year - to page 3	\$ <u>20,608,892</u>	\$ <u>25,276,246</u>	\$ <u>20,796,933</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, 2017

	2017 BUDGET (unaudited)	2017 ACTUAL	2016 ACTUAL
REVENUES			
Federal Government			
INAC - Operating	\$ 2,562,885	\$ 2,768,381	\$ 2,899,392
INAC - Capital	-	418,714	28,355
Northern Shuswap Treaty Society	464,115	464,165	328,335
CCATEC	80,503	87,224	116,401
First Nations Health Authority	62,486	76,643	62,486
CMHC	12,402	81,303	15,902
Three Corners Health Services Society	15,000	37,681	15,100
Northern Shuswap Tribal Council	-	3,646	45,828
Elders' Support	-	14,675	-
Province of British Columbia	4,422,302	4,707,978	5,598,076
Band land exchange	-	-	1,600,000
Service contracts and fees	208,305	498,485	235,790
Mount Polley Gold Mines Participation Agreement	410,000	265,260	180,000
Rentals	301,596	350,233	293,151
Royalties	225,000	260,907	223,396
Gibraltar Mine	110,000	110,000	110,000
Tolko Industries Ltd.	155,000	171,904	180,690
Spectra Energy	50,000	50,000	50,000
Livestock sold	-	49,157	48,000
Cantex	-	116,239	-
Lake Excavating Ltd.	80,000	85,114	-
First Nations Education Steering Committee	38,283	87,436	47,793
Soda Creek Indian Band	-	39,425	40,620
Atlantic Power	-	15,000	39,516
Borland Creek Logging Ltd.	25,000	26,020	23,742
Donations and fundraising	39,500	97,456	54,162
Interest income	6,000	20,422	11,376
Rent to own	-	146,400	-
Pioneer Log Homes	187,000	162,500	25,000
Property taxes	20,052	18,024	18,536
Trans Mountain Pipelines	-	25,981	-
Insurance proceeds	11,000	7,137	11,304
Right to Play	21,559	21,132	-
Terra Archaeology Ltd.	5,000	2,405	28,306
New Relationship Trust	2,000	22,000	4,000
BC Hydro	6,158	6,158	6,158
Daycare fees	3,000	6,713	6,408
Northern Development Initiatives Trust	7,500	8,000	10,500
All other	<u>71,750</u>	<u>141,962</u>	<u>15,952</u>
TOTAL REVENUES - to page 5.1	\$ <u>9,603,396</u>	\$ <u>11,471,880</u>	\$ <u>12,374,275</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, 2017

	2017 BUDGET <u>(unaudited)</u>	2017 <u>ACTUAL</u>	2016 <u>ACTUAL</u>
EXPENSES			
Administration	\$ 1,813,612	\$ 2,221,461	\$ 1,482,509
Amortization	-	361,065	327,590
CMHC Housing Program	51,282	63,753	26,811
Capital projects	4,510,121	4,233,900	3,084,209
Education	1,982,616	1,955,139	2,086,804
Natural resources	737,026	1,205,203	971,678
Public works	612,725	930,381	553,972
Purchase of 150 Mile Ranch	-	-	2,036,151
Recreation	161,153	165,711	171,694
Social development	405,731	266,353	318,836
Treaty	<u>417,703</u>	<u>313,583</u>	<u>314,997</u>
TOTAL EXPENSES - to page 5.1	\$ <u>10,691,969</u>	\$ <u>11,716,549</u>	\$ <u>11,375,251</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, 2017

	<u>2017</u>	<u>2016</u>
CASH PROVIDED (USED) BY:		
Operating Activities		
Net revenue for the year	\$ 4,479,313	\$ 1,644,256
Items not involving cash:		
Amortization	361,065	327,590
Operating results of Band enterprises	<u>(424,500)</u>	<u>278,745</u>
	<u>4,415,878</u>	<u>2,350,591</u>
Changes in non-cash operating items:		
Replacement reserve	(47,961)	8,285
Cash restricted as to use	(7,918)	(659)
Accounts receivable	125,528	466,182
Inventory	(12,716)	(128,400)
Accounts payable and accrued liabilities	45,206	118,370
Deferred income	(233,999)	969,686
Prepaid expenses	<u>(2,632)</u>	<u>7,212</u>
	<u>(134,492)</u>	<u>1,440,676</u>
Cash flows from operating activities	<u>4,281,386</u>	<u>3,791,267</u>
Cash flows from (used by) investing activities		
Trust funds held by Canada	(5)	6
Advances to (withdrawals by) related parties	<u>2,976,778</u>	<u>(2,323,169)</u>
Cash flows from (used by) investing activities	<u>2,976,778</u>	<u>(2,323,163)</u>
Cash flows used by financing activities		
Decrease in bank advances	(407,668)	(151,086)
Repayment of long term debt	<u>(38,191)</u>	<u>(42,322)</u>
Cash flows used by financing activities	<u>(445,859)</u>	<u>(193,408)</u>
Cash flows used by capital activities		
Purchase of tangible capital assets	<u>(7,107,792)</u>	<u>(2,122,123)</u>
DECREASE IN CASH	(295,492)	(847,427)
CASH - Beginning of year	<u>1,788,825</u>	<u>2,636,252</u>
CASH - End of year	\$ <u>1,493,333</u>	\$ <u>1,788,825</u>
Cash flows supplementary information:		
Interest received	\$ <u>20,422</u>	\$ <u>11,376</u>
Interest paid	\$ <u>108,697</u>	\$ <u>57,046</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, 2017****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, 2017

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 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, 2017

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, 2017

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 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.

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 accounting policy for liability for contaminated sites.

The details of the 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, 2017

4. CASH

Cash includes the following:	<u>2017</u>	<u>2016</u>
Operations	\$ <u>1,493,333</u>	\$ <u>1,788,825</u>

5. CASH RESTRICTED AS TO USE

Replacement Reserve	\$ <u>91,209</u>	\$ <u>83,291</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>2017</u>	<u>2016</u>
Due from members:		
Rent-to-own-program	\$ 309,866	\$ 174,730
Rent	390,438	325,235
Less: Allowance for doubtful accounts	<u>(138,003)</u>	<u>(138,003)</u>
	562,301	361,962
Due from others:		
Province of British Columbia	46,920	295,917
INAC	59,962	20,456
CCATEC	6,374	22,739
GST recoverable	36,701	34,892
Northern Shuswap Treaty Society	71,361	65,835
First Nations Emergency Services Society	-	27,500
All other	<u>31,584</u>	<u>111,431</u>
	\$ <u>815,203</u>	\$ <u>940,731</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

7. TRUST FUNDS HELD BY CANADA	<u>2017</u>	<u>2016</u>
Ottawa Trust Accounts	\$ <u>10,622</u>	\$ <u>10,617</u>
<p>The Ottawa Trust Accounts arise from monies from capital or revenue sources as outlined in Section 62 of the <i>Indian Act</i>. 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 <i>Indian Act</i>.</p> <p>Funds on deposit in the Ottawa Trust Accounts may be withdrawn by Band Council Resolution.</p>		
8. INVESTMENTS	<u>2017</u>	<u>2016</u>
Borland Creek Logging Ltd.		
Advances	\$ 5,093	\$ -
Equity	944,239	783,782
Common shares	<u>3</u>	<u>3</u>
	<u>999,335</u>	<u>783,785</u>
Sugar Cane Development Corporation Ltd.		
Advances	191,995	993,875
Equity	323,207	(53,026)
Common shares	<u>3</u>	<u>3</u>
	<u>515,205</u>	<u>940,852</u>
Sugarcane Petroleum Products Corporation		
Advances	545,952	472,546
Equity	501,211	502,425
Common shares	<u>3</u>	<u>3</u>
	<u>1,047,166</u>	<u>974,974</u>
Sugar Cane Enterprises Ltd.		
Advances	-	2,703,256
Deficiency	-	(444,654)
Common shares	<u>3</u>	<u>3</u>
	<u>3</u>	<u>2,258,605</u>
Sugar Cane Wood Products Ltd.		
Deficiency	(14,592)	(14,592)
Common shares	<u>3</u>	<u>3</u>
	<u>(14,598)</u>	<u>(14,589)</u>
Chief William RV-Campsite Ltd.		
Advances	(1,834)	-
Deficiency	16,089	(11,494)
Common shares	<u>3</u>	<u>3</u>
	<u>14,258</u>	<u>(11,491)</u>
Carry forward	\$ <u>2,561,378</u>	\$ <u>4,932,136</u>

WILLIAMS LAKE INDIAN BAND

7.7

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

8. INVESTMENTS (continued)	<u>2017</u>	<u>2016</u>
Brought forward	\$ <u>2,561,378</u>	\$ <u>4,932,136</u>
Sugar Cane TreadPro Limited		
Advances	1,043,736	1,030,342
Deficiency	(1,335,076)	(1,112,615)
Common shares	<u>3</u>	<u>3</u>
	<u>(291,337)</u>	<u>(82,270)</u>
Sugar Cane Community Diversification Association		
Advances	(5,808)	-
Deficiency	<u>3,925</u>	<u>(29,430)</u>
	<u>(1,883)</u>	<u>(29,430)</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>2,343,158</u>	\$ <u>4,895,436</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>2017</u>	<u>2016</u>
Bank of Montreal		
Revolving credit lines and outstanding cheques	\$ 87,013	\$ 373,354
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	<u>2,947,665</u>	<u>3,061,625</u>
Carry forward	\$ <u>3,034,678</u>	\$ <u>3,434,979</u>

WILLIAMS LAKE INDIAN BAND

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

9. BANK ADVANCES	<u>2017</u>	<u>2016</u>
Brought forward	\$ 3,034,678	\$ 3,434,979
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	<u>167,363</u>	<u>174,730</u>
	\$ <u>3,202,041</u>	\$ <u>3,609,709</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:

2018	\$ 125,189
2019	129,407
2020	133,750
2021	137,920
2022	144,600
Thereafter	<u>2,444,162</u>
	\$ <u>3,115,028</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 demand loans are 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>2017</u>	<u>2016</u>
Trade accounts - construction in progress	\$ 78,033	\$ -
Trade accounts - regular operating	300,991	415,083
Accrued payroll and source deductions	100,791	73,693
GST collected	5,609	1,357
INAC surplus recoveries	253,306	203,391
Other accrued liabilities	<u>28,000</u>	<u>28,000</u>
	\$ <u>766,730</u>	\$ <u>721,524</u>

WILLIAMS LAKE INDIAN BAND

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

11. DEFERRED REVENUE

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

	<u>2017</u>	<u>2016</u>
Rentals	\$ 225,000	\$ -
Highway 97 Corridor Infrastructure Fund	532,128	989,322
Private Housing Fund	<u>-</u>	<u>1,805</u>
	\$ <u>757,128</u>	\$ <u>991,127</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 and is secured by the guarantee of the Minister of Finance - Canada.

\$ 7,585 \$ 37,620

Ford Credit Canada Limited

- 1,493

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.

1,759 8,422

\$ 9,344 \$ 47,535

Principal repayments terms are as follows:

2018 9,344

WILLIAMS LAKE INDIAN BAND

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

13. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2017	2016
Land	\$ 695,979	\$ -	\$ 695,979	\$ 695,979
Land improvement	59,486	-	59,486	59,485
Coyote Rock golf course	3,141,018	129,569	3,011,449	-
Automotive equipment	1,088,091	982,606	105,485	308,777
Buildings and infrastructure	24,186,902	3,274,433	20,912,469	15,871,439
Computer and office equipment	1,354,464	1,004,832	349,632	180,171
CMHC Social Housing	<u>2,934,711</u>	<u>2,025,197</u>	<u>909,514</u>	<u>939,550</u>
	\$ <u>33,460,651</u>	\$ <u>7,416,637</u>	\$ <u>26,044,014</u>	\$ <u>19,297,287</u>

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

Purchased Coyote Rock golf course	\$ 3,011,449
Highway 97 corridor	3,686,918
2518 Eagle View Drive	189,536
2520 Eagle View Drive	189,536
Other infrastructure improvements	44,853
Computer equipment	<u>15,535</u>
	\$ <u>7,137,827</u>

Amortization was recorded as follows:

	Balance as at <u>April 1, 2016</u>	2017 Provision	Balance as at <u>March 31, 2017</u>
Coyote Rock golf course	\$ 129,569	\$ -	\$ 129,569
Automotive equipment	937,397	45,209	982,606
Buildings and infrastructure	3,023,934	250,499	3,274,433
Computer and office equipment	939,476	65,356	1,004,832
CMHC Social Housing	<u>1,995,161</u>	<u>30,036</u>	<u>2,025,197</u>
	\$ <u>7,025,537</u>	\$ <u>391,100</u>	\$ <u>7,416,637</u>

There were no asset disposals during the year (2016 - \$nil). There were no asset write-downs during the year (2016 - \$nil).

WILLIAMS LAKE INDIAN BAND

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2017****14. BAND EQUITY - UNRESTRICTED**

The accumulated surplus consists of the following fund balances:

	<u>2017</u>	<u>2016</u>
Operating and Capital Projects Fund	\$ 25,160,666	\$ 21,209,476
CMHC Social Housing Fund	(43,437)	(42,935)
Ottawa Trust Fund	10,622	10,617
Investment in Band Business Enterprises	44,901	(379,599)
Treaty Self-Government Fund	<u>103,494</u>	<u>(626)</u>
	\$ <u>25,276,246</u>	\$ <u>20,796,933</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>2017</u>	<u>2016</u>
CMHC replacement reserve - beginning of year	\$ 90,872	\$ 82,587
Maturing units adjustment	<u>(36,401)</u>	<u>-</u>
	54,471	82,587
Contribution required	7,800	11,139
Expenditures for replacements	<u>(19,360)</u>	<u>(2,854)</u>
CMHC replacement reserve - End of year	\$ <u>42,911</u>	\$ <u>90,872</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 \$7,800 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

Contributed surplus consists of the following:

	<u>2017</u>	<u>2016</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>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

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, 2017 was \$12,402 (2016 - \$12,402). 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 \$100,000 line of credit and a equipment line of credit of \$200,000 for Borland Creek Logging Ltd. As at March 31, 2017, Borland Creek Logging Ltd. had no outstanding indebtedness on these lines of credit. The Band has guaranteed financing agreements for log harvest equipment operated by Borland Creek Logging Ltd. As at March 31, 2017, the balances of the conditional financing agreements aggregated \$755,411.

The Band has guaranteed bank indebtedness of Sugar Cane TreadPro Limited. The guarantee is for \$135,000. As at March 31, 2017, the balance outstanding on this account was \$121,691.

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 \$200,000 and demand loans for Sugarcane Petroleum Products Corporation aggregating \$455,000. As at March 31, 2017, the balances outstanding were \$267,268.

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 \$1,918,413. As at March 31, 2017, the balances outstanding were:

CMHC Housing Program	\$ <u>7,585</u>
Guaranteed on behalf of Band members	\$ <u>582,967</u>

20. RECONCILIATION OF INAC COMPREHENSIVE FUNDING ARRANGEMENT REVENUE

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

INAC Confirmation	\$ <u>3,187,095</u>
INAC Revenue per schedule 5.2	
Operating	\$ 2,768,381
Capital	<u>418,714</u>
	\$ <u>3,187,095</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

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 \$78,070 to the plan during the year ended March 31, 2017 (2016 - \$73,497) to match its employees' required contributions.

22. RELATED PARTY TRANSACTIONS

These financial statements include the following transactions with related parties. These transactions are at the exchange amount which is the consideration agreed to by the parties.

	<u>2017</u>	<u>2016</u>
SUPPLIES AND SERVICES PROVIDED BY:		
Sugar Cane TreadPro	\$ 13,665	\$ 20,497
Sugarcane Petroleum Products Corporation	13,633	12,772
Sugar Cane Development Corporation	5,769	-
Sugar Cane Enterprises	-	26,400
Borland Creek Logging Ltd.	<u>137,934</u>	<u>256,935</u>
	\$ <u>171,001</u>	\$ <u>316,604</u>
SUPPLIES AND SERVICES PROVIDED TO:		
Borland Creek Logging Ltd.	\$ 41,124	\$ 39,136
Sugar Cane TreadPro	12,593	18,890
Sugarcane Petroleum Products Corporation	<u>21,947</u>	<u>23,056</u>
	\$ <u>75,664</u>	\$ <u>81,082</u>
ROYALTIES RECEIVED FROM:		
Sugarcane Petroleum Products Corporation	\$ 185,907	\$ 148,396
Borland Creek Logging Ltd.	<u>75,000</u>	<u>75,000</u>
	\$ <u>260,907</u>	\$ <u>223,396</u>
BUSINESS COMBINATION OF SUGAR CANE ENTERPRISES LTD.		
Assets acquired	\$ 3,021,217	\$ -
Liabilities assumed	(661,767)	-
Deficit net of contributed Surpluses	<u>348,198</u>	<u>-</u>
	\$ <u>2,707,648</u>	\$ <u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

23. EXPENSES BY OBJECT	<u>2017</u>	<u>2016</u>
Salaries, wages and benefits	\$ 2,530,630	\$ 2,296,652
Materials and supplies	735,400	566,941
Contracted services	5,832,360	3,965,556
Purchase of 150 Mile Ranch	-	2,036,151
Rent, maintenance and utilities	492,874	411,331
Honoraria	100,074	124,032
Insurance	74,030	87,034
Education	1,097,700	1,090,850
Bank charges and interest	108,697	57,046
Amortization	361,065	327,590
Travel	191,072	205,481
Social assistance	<u>192,647</u>	<u>206,587</u>
	\$ <u>11,716,549</u>	\$ <u>11,375,251</u>

24. RESTATEMENT OF PRIOR YEAR

The Band has retroactively recorded the restatement of the accounts of Sugarcane Petroleum Products Corporation. The write off was charged to accumulated surplus and reduced the Band's equity in Band owned enterprises.

The Band has retroactively written off advances made a number of years ago to NSDC, since renamed to Sugar Cane Development Corporation. The write off was to accumulated surplus and reduced the Band's Long Term Investments.

25. COMPARATIVE FIGURES

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