

## **WILLIAMS LAKE INDIAN BAND**

### **CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2018**

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Williams Lake Indian Band  
2672 Indian Drive  
Williams Lake, BC  
V2G 5K9

1.

**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.

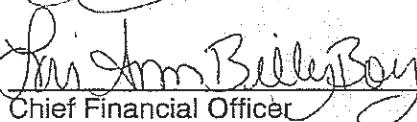
The Chief and Council are responsible for ensuring the integrity of the Band's accounting and reporting systems and that appropriate internal controls are in place, including those for monitoring risk, financial reporting and compliance with the laws and that management fulfills its responsibilities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

Chair, Finance and Audit Committee

  
Chief Financial Officer

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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, 2018, 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.



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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, 2018, 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 Chartered Professional  
Accountants LLP*

FBB CHARTERED PROFESSIONAL  
ACCOUNTANTS LLP

Quesnel, British Columbia  
June 18, 2018

## WILLIAMS LAKE INDIAN BAND

3.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
<b>FINANCIAL ASSETS</b>		
Cash (Note 4)	\$ 4,490,007	\$ 1,493,333
Cash restricted as to use (Note 5)	-	91,209
Accounts receivable (Note 6)	1,295,174	815,203
Trust funds held by Canada (Note 7)	10,730	10,622
Inventory	123,030	141,116
Long term investments (Note 8)	<u>3,020,552</u>	<u>1,832,865</u>
	<u>8,939,493</u>	<u>4,384,348</u>
<b>LIABILITIES</b>		
Bank advances (note 9)	3,552,558	3,202,041
Accounts payable and accrued liabilities (note 10)	827,077	713,798
Deferred revenue (note 11)	150,000	757,128
Long term debt (note 12)	-	9,344
	<u>4,529,635</u>	<u>4,682,311</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>4,409,858</u>	<u>(297,963)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 13)	27,861,765	26,519,014
Prepaid expenses	-	17,675
	<u>27,861,765</u>	<u>26,536,689</u>
<b>BAND EQUITY</b>	<u>\$ 32,271,623</u>	<u>\$ 26,238,726</u>
<b>BAND EQUITY</b>		
Unrestricted (note 14) - page 5.1	\$ 31,369,693	\$ 25,293,885
Replacement reserve (note 15)	-	42,911
	<u>31,369,693</u>	<u>25,336,796</u>
Contributed surplus (note 16)	<u>901,930</u>	<u>901,930</u>
	<u>\$ 32,271,623</u>	<u>\$ 26,238,726</u>

APPROVED ON BEHALF OF THE WILLIAMS LAKE INDIAN BAND

Chief

Chief Financial Officer

Chair, Finance and Audit Committee

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

**WILLIAMS LAKE INDIAN BAND**

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**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	2018 Budget (unaudited)	<u>2018</u>	<u>2017</u>
NET REVENUE FOR THE YEAR	\$ (1,551,618)	\$ 6,075,808	\$ 4,496,952
Allocation to replacement reserve	-	(42,911)	(47,961)
Amortization	-	378,553	361,065
(Increase) decrease in prepaid expenses	-	17,675	(2,632)
Tangible capital asset acquisitions	<u>—</u>	<u>(1,721,304)</u>	<u>(7,107,792)</u>
 INCREASE (DECREASE) IN NET FINANCIAL ASSETS	 (1,551,618)	 4,707,821	 (2,300,368)
 NET FINANCIAL ASSETS (DEBT) - Beginning of year	 <u>(297,963)</u>	 <u>(297,963)</u>	 <u>2,002,405</u>
 NET FINANCIAL ASSETS (DEBT) - End of year	 <u>\$ (1,849,581)</u>	 <u>\$ 4,409,858</u>	 <u>\$ (297,963)</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, 2018

	2018 <u>BUDGET</u> (unaudited)	2018 <u>ACTUAL</u>	2017 <u>ACTUAL</u>
REVENUES - page 5.2	\$ 5,824,245	\$ 13,168,498	\$ 11,524,812
DEFERRED REVENUE FROM PRIOR YEAR	757,128	757,128	991,127
DEFERRED REVENUE TO FOLLOWING YEAR	<u>(150,000)</u> 6,431,373	<u>(150,000)</u> 13,775,626	<u>(757,128)</u> 11,758,811
EXPENSES - page 5.3	<u>7,982,991</u>	<u>9,854,104</u>	<u>11,716,549</u>
NET REVENUE BEFORE THE FOLLOWING	(1,551,618)	3,921,522	42,262
OTHER REVENUE (EXPENSES)			
Tangible capital assets and livestock purchased	-	1,721,304	4,133,040
INAC recoveries	-	(18,945)	(106,492)
Transfer from Ottawa Trust	-	-	2,033
Maturing Social Housing adjustment	-	25,400	36,902
Operating results of Band enterprises	<u>-</u>	<u>426,527</u>	<u>389,207</u>
NET REVENUE FOR THE YEAR	<u>(1,551,618)</u>	<u>6,075,808</u>	<u>4,496,952</u>
ACCUMULATED SURPLUS - beginning of year	25,293,885	25,293,885	21,139,003
RESTATEMENT OF PRIOR YEAR (note 24)			
Advances to NSDC	-	-	(232,469)
Adjusted Equity in Sugarcane			
Petroleum Products Corporation	<u>-</u>	<u>-</u>	<u>(109,601)</u>
ACCUMULATED SURPLUS - as restated			
- Beginning of year	<u>25,293,885</u>	<u>25,293,885</u>	<u>20,796,933</u>
ACCUMULATED SURPLUS -			
End of year - to page 3	<u>\$ 23,742,267</u>	<u>\$ 31,369,693</u>	<u>\$ 25,293,885</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, 2018**

	2018 BUDGET (unaudited)	2018 ACTUAL	2017 ACTUAL
<b>REVENUES</b>			
Federal Government			
ISC - Operating	\$ 2,511,980	\$ 3,320,614	\$ 2,768,381
ISC - Capital	-	59,595	418,714
Northern Shuswap Treaty Society	428,164	428,476	464,165
CCATEC	8,424	102,838	87,224
First Nations Health Authority	65,923	105,280	76,643
CMHC	2,067	9,942	81,303
Three Corners Health Services Society	37,581	82,907	37,681
Northern Shuswap Tribal Council	-	4,899	3,646
Department of Fisheries and Oceans	-	5,976	-
Elders' Support	-	-	14,675
Province of British Columbia	756,608	1,769,184	4,707,978
Williams Lake Community Forest LP	-	785,827	-
Service contracts and fees	226,250	297,483	498,485
Mount Polley Gold Mines	410,000	410,000	265,260
Rentals	331,296	329,291	350,233
Canadian Red Cross Wildfire Support	-	291,603	-
Royalties	225,000	189,418	260,907
Gibraltar Mine	110,000	110,000	110,000
Tolko Industries Ltd.	60,000	3,596,693	171,904
Enbridge	50,000	50,000	50,000
150 Mile Ranch	-	117,055	49,157
Cantex	226,000	141,027	116,239
Lake Excavating Ltd.	-	223,815	85,114
First Nations Education Steering Committee	38,283	121,394	87,436
Atlantic Power	15,000	15,000	15,000
Borland Creek Logging Ltd.	25,000	29,062	26,020
Donations and fundraising	51,000	111,528	97,456
Interest income	6,000	20,435	20,422
Rent to own	-	-	146,400
Pioneer Log Homes	-	-	162,500
Property taxes	20,152	17,607	18,024
Trans Mountain Pipelines	-	-	25,981
Jays Care Foundation	-	91,697	-
Right to Play	21,559	18,596	21,132
Vancouver Foundation	-	74,840	2,405
New Relationship Trust	2,000	25,000	22,000
BC Hydro	6,158	6,158	6,158
Knucwentwecw Society	-	25,000	6,713
Northern Development Initiatives Trust	7,500	8,812	8,000
All other	52,300	171,446	250,574
<b>TOTAL REVENUES - to page 5.1</b>	<b>\$ 5,824,245</b>	<b>\$ 13,168,498</b>	<b>\$ 11,524,812</b>

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, 2018**

	2018		2018	2017
	BUDGET		<u>ACTUAL</u>	<u>ACTUAL</u>
	(unaudited)			
<b>EXPENSES</b>				
Administration	\$ 2,341,311		\$ 2,818,095	\$ 2,221,461
Amortization	-		378,553	361,065
CMHC Housing Program	8,835		10,916	63,753
Capital projects	800,000		1,736,800	4,233,900
Education	2,025,726		2,029,679	1,955,139
Natural resources	934,320		750,580	1,205,203
Public works	762,480		1,170,647	930,381
150 Mile Ranch	-		131,742	-
Recreation	241,053		145,228	165,711
Social development	347,919		267,724	266,353
Treaty	<u>521,347</u>		<u>414,140</u>	<u>313,583</u>
 TOTAL EXPENSES - to page 5.1	 \$ <u>7,982,991</u>		 \$ <u>9,854,104</u>	 \$ <u>11,716,549</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, 2018**

	<u>2018</u>	<u>2017</u>
<b>CASH PROVIDED (USED) BY:</b>		
Operating Activities		
Net revenue for the year	\$ 6,075,808	\$ 4,496,952
Items not involving cash:		
Amortization	378,553	361,065
Operating results of Band enterprises	<u>(426,527)</u>	<u>(389,207)</u>
	<u>6,027,834</u>	<u>4,468,830</u>
Changes in non-cash operating items:		
Replacement reserve	(42,911)	(47,961)
Cash restricted as to use	91,209	(7,918)
Accounts receivable	(479,971)	125,528
Inventory	18,086	(12,716)
Accounts payable and accrued liabilities	113,279	(7,746)
Deferred income	(607,128)	(233,999)
Prepaid expenses	<u>17,675</u>	<u>(2,632)</u>
	<u>(889,761)</u>	<u>(187,444)</u>
Cash flows from operating activities	<u>5,138,073</u>	<u>4,281,386</u>
Cash flows from (used by) investing activities		
Trust funds held by Canada	(108)	(5)
Advances to (withdrawals by) related parties	<u>(761,160)</u>	<u>2,976,778</u>
Cash flows from (used by) investing activities	<u>(761,268)</u>	<u>2,976,778</u>
Cash flows used by financing activities		
Increase (decrease) in bank advances	350,517	(407,668)
Repayment of long term debt	<u>(9,344)</u>	<u>(38,191)</u>
Cash flows from (used by) financing activities	<u>341,173</u>	<u>(445,859)</u>
Cash flows used by capital activities		
Purchase of tangible capital assets	<u>(1,721,304)</u>	<u>(7,107,792)</u>
INCREASE (DECREASE) IN CASH	2,996,674	(295,492)
CASH - Beginning of year	<u>1,493,333</u>	<u>1,788,825</u>
CASH - End of year	<u>\$ 4,490,007</u>	<u>\$ 1,493,333</u>
 Cash flows supplementary information:		
Interest received	\$ 20,435	\$ 20,422
Interest paid	<u>\$ 131,686</u>	<u>\$ 108,697</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, 2018****1. BASIS OF PRESENTATION**

In order to satisfy the Reporting Guide's Financial Reporting Requirements of Indigenous Service 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, 2018

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 CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018

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 Services Canada.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018

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 Services Canada. The Band's ability to continue operations could be severely hampered should this funding be discontinued.

**WILLIAMS LAKE INDIAN BAND**

7.5

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>4. CASH</b>		
Cash includes the following:		
Operations	\$ <u>4,490,007</u>	\$ <u>1,493,333</u>
<b>5. CASH RESTRICTED AS TO USE</b>		
Replacement Reserve	\$ <u>      -</u>	\$ <u>91,209</u>
<b>6. ACCOUNTS RECEIVABLE</b>		
Due from members:		
Rent-to-own-program	\$ 290,436	\$ 309,866
Rent	542,294	390,438
Less: Allowance for doubtful accounts	<u>(235,754)</u>	<u>(138,003)</u>
	596,976	562,301
Due from others:		
Province of British Columbia	225,368	46,920
Indigenous Services Canada	162,184	59,962
Canadian Red Cross	121,966	-
CCATEC	22,058	6,374
GST recoverable	33,700	36,701
Northern Shuswap Treaty Society	79,391	71,361
All other	<u>53,551</u>	<u>31,584</u>
	<u>\$ 1,295,174</u>	<u>\$ 815,203</u>
<b>7. TRUST FUNDS HELD BY CANADA</b>		
Ottawa Trust Accounts	\$ <u>10,730</u>	\$ <u>10,622</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.

**WILLIAMS LAKE INDIAN BAND**

7.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

8. INVESTMENTS	<u>2018</u>	<u>2017</u>
Borland Creek Logging Ltd.		
Advances	\$ (185,579)	\$ 5,093
Equity	1,230,137	994,239
Common shares	<u>3</u>	<u>3</u>
	<u>1,044,561</u>	<u>999,335</u>
Sugar Cane Development Corporation Ltd.		
Advances	352,868	191,995
Equity	681,818	323,207
Common shares	<u>3</u>	<u>3</u>
	<u>1,034,689</u>	<u>515,205</u>
Sugarcane Petroleum Products Corporation		
Advances	490,432	70,958
Equity	451,345	501,211
Common shares	<u>-</u>	<u>3</u>
	<u>941,780</u>	<u>572,166</u>
Sugar Cane Enterprises Ltd.		
Common shares	<u>3</u>	<u>3</u>
Sugar Cane Wood Products Ltd.		
Deficiency	<u>-</u>	<u>(14,592)</u>
Common shares	<u>3</u>	<u>3</u>
	<u>3</u>	<u>(14,589)</u>
Chief William RV-Campsite Ltd.		
Advances	874	(1,834)
Deficiency	19,395	16,089
Common shares	<u>3</u>	<u>3</u>
	<u>20,275</u>	<u>14,258</u>
Carry forward	\$ 3,041,308	\$ 2,086,378

**WILLIAMS LAKE INDIAN BAND**

7.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

8. INVESTMENTS (continued)	<u>2018</u>	<u>2017</u>
Brought forward	\$ <u>3,041,308</u>	\$ <u>2,086,378</u>
Sugar Cane TreadPro Limited		
Advances	565,210	1,043,736
Deficiency	(1,445,779)	(1,335,076)
Common shares	<u>3</u>	<u>3</u>
	<u>(879,566)</u>	<u>(291,337)</u>
Sugar Cane Community Diversification Association		
Advances	4,775	(5,808)
Deficiency	<u>(6,792)</u>	<u>(31,368)</u>
	<u>(2,017)</u>	<u>(37,176)</u>
Williams Lake Community Forest		
Advances	161,699	161,699
Equity	785,827	-
Allowance for impairment	<u>(86,699)</u>	<u>(86,699)</u>
	<u>860,827</u>	<u>75,000</u>
	<u>\$ 3,020,552</u>	<u>\$ 1,832,865</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>2018</u>	<u>2017</u>
Bank of Montreal		
Revolving credit lines and outstanding cheques	\$ 297,540	\$ 87,013
Bank of Montreal		
Demand loan bearing interest at prime plus 0.5% per annum (currently 3.45%) repayable in monthly blended payments of \$18,307	<u>2,837,716</u>	<u>2,947,665</u>
Carry forward	<u>\$ 3,135,256</u>	<u>\$ 3,034,678</u>

**WILLIAMS LAKE INDIAN BAND**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

9. BANK ADVANCES	<u>2018</u>	<u>2017</u>
Brought forward	\$ 3,135,256	\$ 3,034,678
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	164,634	167,363
Demand loan bearing interest at prime plus 0.5% per annum (currently 3.45%) repayable In monthly blended payments of \$1,316	<u>252,668</u>	<u>—</u>
	<u>\$ 3,552,558</u>	<u>\$ 3,202,041</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:

2019	\$ 118,382
2020	123,590
2021	128,639
2022	133,889
2023	139,359
Thereafter	<u>2,908,699</u>
	<u>\$ 3,552,558</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>2018</u>	<u>2017</u>
Trade accounts - construction in progress	\$ -	\$ 78,033
Trade accounts - regular operating	311,921	248,059
Accrued payroll and source deductions	121,040	100,791
GST collected	179,845	5,609
INAC surplus recoveries	186,271	253,306
Other accrued liabilities	<u>28,000</u>	<u>28,000</u>
	<u>\$ 827,077</u>	<u>\$ 713,798</u>

**WILLIAMS LAKE INDIAN BAND**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018

**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>2018</u>	<u>2017</u>
Rentals	\$ 150,000	\$ 225,000
Highway 97 Corridor Infrastructure Fund	<u>_____</u>	<u>532,128</u>
	<u>\$ 150,000</u>	<u>\$ 757,128</u>

**12. LONG TERM DEBT**

All Nations Trust Phase V loan	\$ -	\$ 7,585
Xerox Canada Finance Finance contract	<u>_____</u>	<u>1,759</u>
	<u>\$ _____</u>	<u>\$ 9,344</u>

**13. TANGIBLE CAPITAL ASSETS**

	Cost		Accumulated Amortization	Net Book Value	
				2018	2017
Land	\$ 695,979	\$ -	\$ 695,979	\$ 695,979	\$ 695,979
Land improvement	534,486	-	534,486	534,486	534,486
Coyote Rock golf course	3,141,018	154,387	2,986,631	3,011,449	
Automotive equipment	1,096,721	1,014,252	82,469	105,485	
Buildings and infrastructure	25,899,576	3,531,488	22,368,088	20,912,469	
Computer and office equipment	1,354,464	1,062,282	292,182	349,632	
CMHC Social Housing	<u>2,934,712</u>	<u>2,032,782</u>	<u>901,930</u>	<u>909,514</u>	
	<u>\$ 35,656,956</u>	<u>\$ 7,795,191</u>	<u>\$ 27,861,765</u>	<u>\$ 26,519,014</u>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018

**13. TANGIBLE CAPITAL ASSETS (continued)**

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

Highway 97 corridor	\$ 1,136,475
Little Chiefs Day Care Facility	296,512
Ball Field Complex Upgrade	170,854
Wildfire Loss House Replacement	108,833
Farm equipment	<u>8,630</u>
	\$ <u>1,721,304</u>

Amortization was recorded as follows:

	Balance as at <u>April 1, 2017</u>	2018 Provision	Balance as at <u>March 31, 2018</u>
Coyote Rock golf course	\$ 129,569	\$ 24,818	\$ 154,387
Automotive equipment	982,606	31,646	1,014,252
Buildings and infrastructure	3,274,433	257,055	3,531,488
Computer and office equipment	1,004,832	57,450	1,062,282
CMHC Social Housing	<u>2,025,198</u>	<u>7,584</u>	<u>2,032,782</u>
	\$ <u>7,416,638</u>	\$ <u>378,553</u>	\$ <u>7,795,191</u>

There were no asset disposals during the year (2017 - \$nil). There were no asset write-downs during the year (2017 - \$nil).

**14. BAND EQUITY - UNRESTRICTED**

The accumulated surplus consists of the following fund balances:

	<u>2018</u>	<u>2017</u>
Operating and Capital Projects Fund	\$ 30,794,844	\$ 25,160,666
CMHC Social Housing Fund	-	(43,437)
Ottawa Trust Fund	10,730	10,622
Investment in Band Business Enterprises	471,428	44,901
Treaty Self-Government Fund	<u>92,691</u>	<u>121,130</u>
	\$ <u>31,369,693</u>	\$ <u>25,293,885</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018

**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>2018</u>	<u>2017</u>
CMHC replacement reserve - beginning of year	\$ 42,911	\$ 90,872
Maturing units adjustment	<u>(25,400)</u>	<u>(36,401)</u>
	17,511	54,471
Contribution required	-	7,800
Expenditures for replacements	<u>(17,511)</u>	<u>(19,360)</u>
CMHC replacement reserve - End of year	\$ <u>      -</u>	\$ <u>42,911</u>

**16. CONTRIBUTED SURPLUS**

Contributed surplus consists of the following:

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, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018

18. FEDERAL ASSISTANCE PAYMENT

Williams Lake Indian Band Social Housing Fund 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, 2018 was \$3,102 (2017 - \$12,405).

19. CONTINGENT LIABILITIES

GUARANTEE OF DEBTS OWING BY RELATED PARTIES

The Band has guaranteed a \$100,000 line of credit and an equipment line of credit of \$200,000 for Borland Creek Logging Ltd. As at March 31, 2018, 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, 2018, the balances of the conditional financing agreements aggregated \$626,120.

The Band has guaranteed bank indebtedness of Sugar Cane TreadPro Limited. The guarantee is for \$455,000. As at March 31, 2018, the balances outstanding on these accounts was \$315,165.

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 \$700,000. As at March 31, 2018, the balances outstanding were \$859,238. The Band has also guaranteed a letter of credit in favour of a supplier in the amount of \$155,000.

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 \$1,513,801. As at March 31, 2018, the balances outstanding were:

CMHC Housing Program	\$	<u>NIL</u>
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Loans made to Band Members	\$	<u>515,733</u>
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**WILLIAMS LAKE INDIAN BAND**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018****20. RECONCILIATION OF ISC COMPREHENSIVE FUNDING ARRANGEMENT REVENUE**

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

ISC Confirmation	\$ <u>3,254,071</u>
ISC Revenue per schedule 5.2	
Operating	\$ 3,320,614
Capital	<u>59,595</u>
	3,380,209
Funding receivable re: Wildfire House Replacement	(124,274)
	\$ <u>3,254,071</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 amounts. The plan is registered with Canada Revenue Agency.

The Band contributed \$97,275 to the plan during the year ended March 31, 2018 (2017 - \$78,070) to match its employees' required contributions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

## 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>2018</u>	<u>2017</u>
<b>SUPPLIES AND SERVICES PROVIDED BY:</b>		
Sugar Cane TreadPro	\$ 11,092	\$ 13,665
Sugarcane Petroleum Products Corporation	14,530	13,633
Sugar Cane Development Corporation	157,330	5,769
Sugar Cane Community Diversification Association	5,000	-
Borland Creek Logging Ltd.	<u>461,120</u>	<u>137,934</u>
	<u>\$ 649,072</u>	<u>\$ 171,001</u>
<b>SUPPLIES AND SERVICES PROVIDED TO:</b>		
Borland Creek Logging Ltd.	\$ 29,062	\$ 41,124
Sugar Cane TreadPro	-	12,593
Sugarcane Petroleum Products Corporation	<u>—</u>	<u>21,947</u>
	<u>\$ 29,062</u>	<u>\$ 75,664</u>
<b>ROYALTIES RECEIVED FROM:</b>		
Sugarcane Petroleum Products Corporation	\$ 114,418	\$ 185,907
Borland Creek Logging Ltd.	<u>75,000</u>	<u>75,000</u>
	<u>\$ 189,418</u>	<u>\$ 260,907</u>

## 23. CONTINGENT ASSETS

On February 2, 2018, the Supreme Court of Canada found in favour of the Williams Lake Indian Band in Case Docket 36983. This Case was an appeal by the Band against a decision by the Federal Court of Canada overturning a decision by the Indian Claims Tribunal that had found in favour of the Band in its decision in 2014.

Canada had applied to the Federal Court of Canada for a judicial review of the Tribunal's decision. The Federal Court of Canada, after its review, dismissed the Band's claim. The Band appealed to the Supreme Court of Canada.

**WILLIAMS LAKE INDIAN BAND**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2018****23. CONTINGENT ASSET (continued)**

The Supreme Court of Canada heard the case and ruled that the Tribunal reasonably found that both the Imperial Crown and the Crown in right of Canada had owed, and breached, fiduciary obligations to the Band in relation to the protection of its Village lands from pre-emption and that the Band's pre-Confederation specific claim was valid under the Act.

The Supreme Court of Canada referred the matter back to Specific Claims Tribunal for determination of the financial compensation award. The Supreme Court also awarded costs to the Band.

The financial compensation and the costs award are material. These amounts are not determinable at this time; management will record the amounts when they have been finalized.

**24. EXPENSES BY OBJECT**

	<u>2018</u>	<u>2017</u>
Salaries, wages and benefits	\$ 2,768,968	\$ 2,530,630
Materials and supplies	1,213,981	735,400
Contracted services	2,701,344	5,832,360
Wildfire house loss replacement	303,107	-
Rent, maintenance and utilities	481,053	492,874
Honoraria	118,501	100,074
Insurance	90,525	74,030
Education	1,135,228	1,097,700
Bank charges and interest	131,686	108,697
Amortization	378,553	361,065
Travel	177,541	191,072
Social assistance	124,114	192,647
Bad debts	97,751	-
150 Mile Ranch Operating	<u>131,742</u>	<u>86,211</u>
	 <u>\$ 9,854,104</u>	 <u>\$ 11,716,549</u>

**25. 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 land improvements and reduced the Band's equity in Band advances to the company.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2018****26. COMPARATIVE FIGURES**

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

**27. SEGMENT DISCLOSURES**

The Band is a diversified organization that provides a wide range of services to its members. Distinguishable function segments have been separately disclosed in segmented information. The nature of the segments and the activities they encompass are as follows:

**ADMINISTRATION**

This segment relates to the revenue and expenses that are related to the operations of the Band and cannot be directly attributed to a specific segment.

**NATURAL RESOURCES**

This segment is related to the revenue and expenses that are generated through the Band's stewardship of the natural resources that are owned by the Band.

**PUBLIC WORKS**

This segment provides services relating to the development, maintenance and service of the Band's assets, infrastructure and common property.

**EDUCATION**

This segment provides educational services through post-secondary education support and the operation of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Band's members'.

**SOCIAL DEVELOPMENT**

This segment provides services to assist Band members by providing a variety of program, community services and social services.

**RECREATION**

This segment provides services to assist Band members with obtaining recreation and fitness activities.

**TREATY NEGOTIATION SUPPORT PROGRAM**

This segment is working towards the finalization of treaty negotiations.

**SOCIAL HOUSING**

This segment provides for housing to Band members under Canada Mortgage and Housing Corporation funded programs.

Williams Lake Indian Band  
 Notes to Consolidated Financial Statements  
 For the Year Ended March 31, 2018

**Year Ended March 31, 2018**

	Administration	Natural Resources	Public Works	Education	Social Development	Recreation	Treaty Negotiation	Social Housing	Capital Projects	Band-Owned Enterprises	Totals
<b>Revenue</b>											
<b>ISC</b>	\$ 688,668	\$ 206,400	\$ 594,131	\$ 1,587,121	\$ 244,294	\$ 246,325	\$ 99,721	\$ 428,164	\$ 12,132	\$ 59,595	\$ 3,380,209
Other	2,399,601	5,480,096	530,486	563,801	490,619	490,619	99,721	428,164	12,132	2,362,850	426,527 12,549,703
<b>Total</b>	<b>3,088,269</b>	<b>5,686,496</b>	<b>1,124,617</b>	<b>2,150,922</b>							<b>15,929,912</b>
<b>Expenses</b>											
Wages and benefits	845,353	395,912	392,704	687,664	88,094	115,560	243,681	“	“	“	2,768,968
Goods and services	2,104,484	354,668	777,943	1,342,015	179,630	29,668	170,459	10,916	1,736,800	378,553	6,706,583
Amortization											378,553
<b>Total</b>	<b>2,949,837</b>	<b>750,580</b>	<b>1,170,647</b>	<b>2,029,679</b>							<b>9,854,104</b>
<b>Surplus (Deficit)</b>	<b>\$ 138,432</b>	<b>\$ 4,935,916</b>	<b>\$ (46,030)</b>	<b>\$ 121,243</b>	<b>\$ 222,895</b>	<b>\$ (45,507)</b>	<b>\$ 14,024</b>	<b>\$ 1,216</b>	<b>\$ 307,092</b>	<b>\$ 426,527</b>	<b>\$ 6,075,308</b>

**Year Ended March 31, 2017**

	Administration	Natural Resources	Public Works	Education	Social Development	Recreation	Treaty Negotiation	Social Housing	Capital Projects	Band-Owned Enterprises	Totals
<b>Revenue</b>											
<b>ISC</b>	\$ 513,605	\$ 251,653	\$ 216,853	\$ 1,519,953	\$ 266,317	\$ 37,665	\$ 115,743	\$ 464,115	\$ 68,073	\$ 418,714	\$ 3,187,095
Other	1,676,593	1,879,119	946,339	498,726	303,982	1,163,192	2,018,679	464,115	68,073	7,456,200	424,500 13,567,073
<b>Total</b>	<b>2,190,198</b>	<b>2,130,772</b>									<b>16,754,168</b>
<b>Expenses</b>											
Wages and benefits	648,367	484,735	360,808	642,357	59,438	115,434	219,491	“	“	“	2,530,630
Goods and services	1,573,094	720,468	569,573	1,312,782	295,112	502,747	94,092	63,753	4,233,900	361,065	9,365,521
Amortization											361,065
<b>Total</b>	<b>2,221,461</b>	<b>1,205,203</b>	<b>930,381</b>	<b>1,955,139</b>	<b>354,550</b>	<b>618,181</b>	<b>313,583</b>	<b>63,753</b>	<b>4,594,965</b>		<b>12,257,216</b>
<b>Surplus (Deficit)</b>	<b>\$ (31,263)</b>	<b>\$ 925,569</b>	<b>\$ 232,811</b>	<b>\$ 63,540</b>	<b>\$ (50,568)</b>	<b>\$ (502,438)</b>	<b>\$ 150,532</b>	<b>\$ 4,320</b>	<b>\$ 3,279,949</b>	<b>\$ 424,500</b>	<b>\$ 4,496,952</b>