

WILLIAMS LAKE INDIAN BAND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

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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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INDEPENDENT AUDITOR'S REPORT

To Chief and Council
Williams Lake Indian Band

Opinion

We have audited the consolidated financial statements of the Williams Lake Indian Band, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Williams Lake Indian Band as at March 31, 2019, and its financial performance and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the First Nation in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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



INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.

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

*FBB Chartered Professional
Accountants LLP*

FBB Chartered Professional Accountants LLP

June 26, 2019
Quesnel, British Columbia

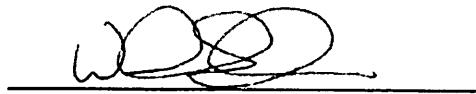
WILLIAMS LAKE INDIAN BAND

3.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash (Note 4)	\$ 9,503,052	\$ 4,490,007
Accounts receivable (Note 5)	1,435,053	1,601,945
Trust funds held by Canada (Note 6)	12,632	10,730
Inventory	112,425	123,030
Long term investments (Note 7)	<u>3,736,206</u>	<u>2,760,954</u>
	<u>14,799,368</u>	<u>8,986,666</u>
LIABILITIES		
Bank advances (note 8)	709,379	3,552,558
Accounts payable and accrued liabilities (note 9)	908,912	848,573
Deferred revenue (note 10)	<u>75,000</u>	<u>150,000</u>
	<u>1,693,291</u>	<u>4,551,131</u>
NET FINANCIAL ASSETS	<u>13,106,077</u>	<u>4,435,535</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 11)	29,618,685	27,861,765
Prepaid expenses	<u>14,310</u>	<u>—</u>
	<u>29,632,995</u>	<u>27,861,765</u>
BAND EQUITY	<u>\$ 42,739,072</u>	<u>\$ 32,297,300</u>
BAND EQUITY		
Unrestricted (note 12) - page 5.1	\$ 41,837,142	\$ 31,395,370
Contributed surplus (note 13)	<u>901,930</u>	<u>901,930</u>
	<u>\$ 42,739,072</u>	<u>\$ 32,297,300</u>

APPROVED ON BEHALF OF THE WILLIAMS LAKE INDIAN BAND



Chief



Chair, Finance and Audit Committee



Chief Financial Officer

WILLIAMS LAKE INDIAN BAND

3.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash (Note 4)	\$ 9,503,052	\$ 4,490,007
Accounts receivable (Note 5)	1,435,053	1,601,945
Trust funds held by Canada (Note 6)	12,632	10,730
Inventory	112,425	123,030
Long term investments (Note 7)	<u>3,736,206</u>	<u>2,760,954</u>
	<u>14,799,368</u>	<u>8,986,666</u>
LIABILITIES		
Bank advances (note 8)	709,379	3,552,558
Accounts payable and accrued liabilities (note 9)	908,912	848,573
Deferred revenue (note 10)	<u>75,000</u>	<u>150,000</u>
	<u>1,693,291</u>	<u>4,551,131</u>
NET FINANCIAL ASSETS	<u>13,106,077</u>	<u>4,435,535</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 11)	29,618,685	27,861,765
Prepaid expenses	<u>14,310</u>	<u>-</u>
	<u>29,632,995</u>	<u>27,861,765</u>
BAND EQUITY	<u>\$ 42,739,072</u>	<u>\$ 32,297,300</u>
BAND EQUITY		
Unrestricted (note 12) - page 5.1	\$ 41,837,142	\$ 31,395,370
Contributed surplus (note 13)	<u>901,930</u>	<u>901,930</u>
	<u>\$ 42,739,072</u>	<u>\$ 32,297,300</u>

APPROVED ON BEHALF OF THE WILLIAMS LAKE INDIAN BAND

Chief


Jim Ann Belly Boy
Chief Financial Officer

Chair, Finance and Audit Committee

WILLIAMS LAKE INDIAN BAND

4.

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2019

	2019 Budget (unaudited)	2019	2018
NET REVENUE FOR THE YEAR	\$ 5,218,247	\$ 10,441,772	\$ 6,121,354
Allocation to replacement reserve	-	-	(42,911)
Amortization	-	354,794	378,553
(Increase) decrease in prepaid expenses	-	(14,310)	17,675
Tangible capital asset acquisitions	<u>(962,257)</u>	<u>(2,111,714)</u>	<u>(1,721,304)</u>
INCREASE IN NET FINANCIAL ASSETS	4,255,990	8,670,542	4,753,367
NET FINANCIAL ASSETS (DEBT) - Beginning of year	<u>4,435,535</u>	<u>4,435,535</u>	<u>(317,822)</u>
NET FINANCIAL ASSETS - End of year	<u>\$ 8,691,525</u>	<u>\$ 13,106,077</u>	<u>\$ 4,435,535</u>

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

WILLIAMS LAKE INDIAN BAND

5.1

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2019

	2019	2019	2018
	BUDGET (unaudited)	ACTUAL	ACTUAL
REVENUES - page 5.2	\$ 13,674,381	\$ 18,296,091	\$ 13,214,044
DEFERRED REVENUE FROM PRIOR YEAR	150,000	150,000	757,128
DEFERRED REVENUE TO FOLLOWING YEAR	<u>(75,000)</u>	<u>(75,000)</u>	<u>(150,000)</u>
	13,749,381	18,371,091	13,821,172
EXPENSES - page 5.3	<u>9,493,391</u>	<u>11,606,262</u>	<u>9,854,104</u>
NET REVENUE BEFORE THE FOLLOWING	4,255,990	6,764,829	3,967,068
OTHER REVENUE (EXPENSES)			
Increase in Equity in Tangible Capital Assets	962,257	2,125,865	1,721,304
INAC recoveries	-	(20,636)	(18,945)
Increase in Equity in WL Community LP	-	183,435	-
Maturing Social Housing adjustment	-	-	25,400
Operating results of Band enterprises	<u>-</u>	<u>1,388,279</u>	<u>426,527</u>
NET REVENUE FOR THE YEAR	5,218,247	10,441,772	6,121,354
ACCUMULATED SURPLUS - beginning of year	<u>31,395,370</u>	<u>31,395,370</u>	<u>25,274,016</u>
ACCUMULATED SURPLUS -			
End of year - to page 3	<u>\$ 36,613,617</u>	<u>\$ 41,837,142</u>	<u>\$ 31,395,370</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, 2019

	2019 BUDGET (unaudited)	2019 ACTUAL	2018 ACTUAL
REVENUES			
Federal Government			
ISC - Operating	\$ 2,269,666	\$ 3,561,009	\$ 3,320,614
ISC - Capital	415,540	415,540	59,595
Northern Shuswap Treaty Society	411,914	411,914	428,476
CCATEC	81,453	102,773	102,838
First Nations Health Authority	69,549	86,649	105,280
First Nations Education Steering Committee	67,686	135,362	121,394
CMHC	-	6,709	9,942
Three Corners Health Services Society	37,581	80,278	82,907
Northern Shuswap Tribal Council	-	5,420	4,899
Department of Fisheries and Oceans	-	-	5,976
Province of British Columbia	1,065,510	980,990	1,769,184
Williams Lake Community Forest LP	-	1,275,482	785,827
Service contracts and fees	419,895	537,454	297,483
Mount Polley Gold Mines	-	275,000	410,000
Rentals	385,107	394,648	329,291
Canadian Red Cross Wildfire Support	-	(7,412)	291,603
Royalties	195,000	220,681	189,418
Gibraltar Mine	110,000	110,000	110,000
Tolko Industries Ltd.	7,846,261	7,919,635	3,596,693
Enbridge	50,000	80,000	50,000
150 Mile Ranch	-	133,565	117,055
Cantex	-	189,827	141,027
Lake Excavating Ltd.	-	123,930	223,815
Atlantic Power	-	352,420	15,000
Borland Creek Logging Ltd.	25,000	32,855	29,062
Donations and fundraising	20,000	9,000	111,528
Interest income	6,000	172,045	20,435
PWC LLP	-	200,248	-
Soda Creek Indian Band	-	30,285	-
Property taxes	17,607	19,048	17,607
Sugar Cane Development Corporation	-	49,896	-
Jays Care Foundation	-	-	91,697
Right to Play	21,559	23,484	18,596
Vancouver Foundation	74,840	-	74,840
New Relationship Trust	2,000	31,000	25,000
BC Hydro	6,158	6,158	6,158
Knucwentwecw Society	-	55,000	25,000
Northern Development Initiatives Trust	7,500	6,837	8,812
All other	<u>68,555</u>	<u>268,360</u>	<u>216,992</u>
TOTAL REVENUES - to page 5.1	\$ 13,674,381	\$ 18,296,091	\$ 13,214,044

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

WILLIAMS LAKE INDIAN BAND
STATEMENT OF OPERATIONS
CONSOLIDATED EXPENSES
FOR THE YEAR ENDED MARCH 31, 2019

	2019 BUDGET <u>(unaudited)</u>	2019 <u>ACTUAL</u>	2018 <u>ACTUAL</u>
EXPENSES			
Administration	\$ 2,442,641	\$ 2,784,423	\$ 2,818,095
Amortization	-	354,794	378,553
CMHC Housing Program	-	-	10,916
Capital projects	962,257	1,665,212	1,736,800
Education	2,270,890	2,103,116	2,029,679
Natural resources	1,622,346	2,125,381	750,580
Public works	912,328	1,335,202	1,170,647
150 Mile Ranch	-	154,423	131,742
Recreation	238,153	239,165	145,228
Social development	566,192	454,486	267,724
Treaty	<u>478,584</u>	<u>390,060</u>	<u>414,140</u>
TOTAL EXPENSES - to page 5.1	\$ 9,493,391	\$ 11,606,262	\$ 9,854,104

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, 2019

	<u>2019</u>	<u>2018</u>
CASH PROVIDED (USED) BY:		
Operating Activities		
Net revenue for the year	\$ 10,441,772	\$ 6,121,354
Items not involving cash:		
Amortization	354,794	378,553
Operating results of Band enterprises	<u>(1,571,714)</u>	<u>(426,527)</u>
	<u>9,224,852</u>	<u>6,073,380</u>
Changes in non-cash operating items:		
Replacement reserve	-	(42,911)
Cash restricted as to use	-	91,209
Accounts receivable	166,892	(479,971)
Inventory	10,605	18,086
Accounts payable and accrued liabilities	60,339	67,733
Deferred income	<u>(75,000)</u>	<u>(607,128)</u>
Prepaid expenses	<u>(14,310)</u>	<u>17,675</u>
	<u>148,526</u>	<u>(935,307)</u>
Cash flows from operating activities	<u>9,373,378</u>	<u>5,138,073</u>
Cash flows from (used by) investing activities		
Trust funds held by Canada	(1,902)	(108)
Advances to (repaid by) related parties	<u>596,462</u>	<u>(761,160)</u>
Cash flows from (used by) investing activities	<u>594,560</u>	<u>(761,268)</u>
Cash flows used by financing activities		
Increase (decrease) in bank advances	(2,843,179)	350,517
Repayment of long term debt	-	(9,344)
Cash flows from (used by) financing activities	<u>(2,843,179)</u>	<u>341,173</u>
Cash flows used by capital activities		
Purchase of tangible capital assets	<u>(2,111,714)</u>	<u>(1,721,304)</u>
INCREASE IN CASH		
CASH - Beginning of year	<u>4,490,007</u>	<u>1,493,333</u>
CASH - End of year	<u>\$ 9,503,052</u>	<u>\$ 4,490,007</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, 2019****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, 2019

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 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, 2019****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, 2019****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. Liability for contaminated sites

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.

i. Recent Accounting Pronouncements

PS 2200 Related Party Disclosures

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2019****2. SIGNIFICANT ACCOUNTING POLICIES (continued)****i. Recent Accounting Pronouncements (continued)**

Effective January 1, 2018, the Band adopted the recommendations relating to Related Party Disclosures, as set out in the CPA Canada Public Sector Accounting Standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated

There was no material impact on the consolidated financial statements of the adoption of the new Section.

ii. PS 3420 Inter-entity Transaction

Effective January 1, 2018, the Band adopted the recommendations relating to PS3420 Inter-entity Transactions, as set out in the CPA Canada Public Sector Accounting Standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated

There was no material impact on the consolidated financial statements of the adoption of the new Section.

iii. PS 3210 Assets

Effective January 1, 2018, the Band adopted the recommendations relating to PS 3210 Assets, as set out in the CPA Canada Public Sector Accounting Standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated

There was no material impact on the consolidated financial statements of the adoption of the new Section.

iv. PS 3320 Contingent Liabilities

Effective January 1, 2018, the Band adopted the recommendations relating to PS 3320 Contingent Liabilities, as set out in the CPA Canada Public Sector Accounting Standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated

There was no material impact on the consolidated financial statements of the adoption of the new Section.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

v. PS 3320 Contingent Assets

Effective January 1, 2018, the Band adopted the recommendations relating to PS 3320 Contingent Assets, as set out in the CPA Canada Public Sector Accounting Standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated

There was no material impact on the consolidated financial statements of the adoption of the new Section.

vi. PS 3380 Contractual Rights

Effective January 1, 2018, the Band adopted the recommendations relating to PS 3380 Contractual Rights, as set out in the CPA Canada Public Sector Accounting Standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated

There was no material impact on the consolidated financial statements of the adoption of the new Section.

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.

	<u>2019</u>	<u>2018</u>
4. CASH	\$ <u>9,503,052</u>	\$ <u>4,490,007</u>

Cash includes the following:

Operations	\$ <u>9,503,052</u>	\$ <u>4,490,007</u>
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WILLIAMS LAKE INDIAN BAND

7.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

5. ACCOUNTS RECEIVABLE	<u>2019</u>	<u>2018</u>
Due from members:		
Rent-to-own-program	\$ 269,508	\$ 290,436
Rent	479,492	542,294
Less: Allowance for doubtful accounts	<u>(235,754)</u>	<u>(235,754)</u>
	<u>513,246</u>	<u>596,976</u>
Due from others:		
Province of British Columbia	55,110	225,368
Indigenous Services Canada	118,590	162,184
Canadian Red Cross	-	121,966
CCATEC	30,045	22,058
GST recoverable	106,684	33,700
Northern Shuswap Treaty Society	102,977	79,391
All other	<u>128,901</u>	<u>53,551</u>
	<u>542,307</u>	<u>698,218</u>
Related Parties:		
Borland Creek Logging	6,690	5,296
Chief William RV-Campsite Ltd.	2,708	2,708
Sugar Cane Community Diversity Association	4,775	4,775
Sugar Cane Development Corporation	11,254	7,628
Sugarcane Petroleum Products Corporation	337,351	273,994
Sugar Cane TreadPro Limited	<u>16,722</u>	<u>12,350</u>
	<u>379,500</u>	<u>306,751</u>
	 <u>\$ 1,435,053</u>	 <u>\$ 1,601,945</u>

6. TRUST FUNDS HELD BY CANADA

Ottawa Trust Accounts	<u>\$ 12,632</u>	<u>\$ 10,730</u>
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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*.

WILLIAMS LAKE INDIAN BAND

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

7. INVESTMENTS	<u>2019</u>	<u>2018</u>
Borland Creek Logging Ltd.		
Advances	\$ -	\$ (185,579)
Equity	1,606,315	1,230,140
Common shares	<u>3</u>	<u>3</u>
	<u>1,606,318</u>	<u>1,044,564</u>
Coyote Rock LP		
Equity	<u>297,652</u>	-
Sugar Cane Development Corporation Ltd.		
Advances	396,740	395,275
Equity	1,052,995	681,818
Common shares	<u>3</u>	<u>3</u>
	<u>1,449,738</u>	<u>1,077,096</u>
Sugarcane Petroleum Products Corporation		
Advances	(243,648)	216,781
Equity	680,012	451,345
Common shares	<u>3</u>	<u>3</u>
	<u>436,367</u>	<u>668,129</u>
Chief William RV-Campsite Ltd.		
Advances	(1,834)	(1,834)
Equity	77,100	19,395
Common shares	<u>3</u>	<u>3</u>
	<u>75,269</u>	<u>17,564</u>
Sugar Cane TreadPro Limited		
Advances	1,018,342	545,342
Deficiency	(1,396,176)	(1,445,779)
Common shares	<u>3</u>	<u>3</u>
	<u>(377,831)</u>	<u>(900,434)</u>
Sugar Cane Community Diversification Association		
Deficiency	<u>(9,742)</u>	<u>(6,792)</u>
Carry forward	<u>\$ 3,477,771</u>	<u>\$ 1,900,127</u>

WILLIAMS LAKE INDIAN BAND

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

7. INVESTMENTS (continued)	<u>2019</u>	<u>2018</u>
Brought forward	\$ <u>3,477,771</u>	\$ <u>1,900,127</u>
Williams Lake Community Forest Limited Partnership		
Advances	-	161,699
Equity	258,435	785,827
Allowance for impairment	<u>—</u>	<u>(86,699)</u>
	<u>258,435</u>	<u>860,827</u>
	<u>\$ 3,736,206</u>	<u>\$ 2,760,954</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.

8. BANK ADVANCES	<u>2019</u>	<u>2018</u>
Bank of Montreal		
Revolving credit lines and outstanding cheques	\$ 304,420	\$ 297,540
Bank of Montreal	-	2,837,716
Bank of Montreal		
Demand loan bearing interest at prime plus 0.5% per annum (currently 4.45%) repayable in monthly blended payments of \$1,070	158,118	164,634
Demand loan bearing interest at prime plus 0.5% per annum (currently 4.45%) repayable In monthly blended payments of \$1,316	<u>246,841</u>	<u>252,668</u>
	<u>\$ 709,379</u>	<u>\$ 3,552,558</u>

WILLIAMS LAKE INDIAN BAND

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

8. BANK ADVANCES (continued)

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

2020	\$ 9,634
2021	10,099
2022	10,582
2023	11,091
2024	11,700
Thereafter	<u>351,853</u>
	 <u>\$ 404,959</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 TreadPro Limited and Sugarcane Petroleum Products Corporation.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2019</u>	<u>2018</u>
Trade accounts - regular operating	\$ 563,015	\$ 284,011
Accrued payroll and source deductions	155,568	121,040
GST collected	-	179,845
INAC surplus recoveries	145,602	186,271
Other accrued liabilities	<u>16,400</u>	<u>28,000</u>
	892,185	799,167
Due to related parties:		
Sugar Cane Development Corporation	16,400	47,580
Sugarcane Petroleum Products Corporation	327	343
Sugar Cane TreadPro Limited	<u>—</u>	<u>1,483</u>
	\$ 908,912	\$ 848,573

10. DEFERRED REVENUE

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

	<u>2019</u>	<u>2018</u>
Rentals	<u>\$ 75,000</u>	<u>\$ 150,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

11. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2019	2018
Land	\$ 695,979	\$ -	\$ 695,979	\$ 695,979
Land improvement	534,486	-	534,486	534,486
Coyote Rock golf course	3,141,018	174,361	2,966,657	2,986,631
Automotive equipment	1,096,721	1,036,404	60,317	82,469
315 Yorston	894,021	-	894,021	-
Buildings and infrastructure	29,084,693	5,819,175	23,265,518	22,368,088
Computer and office equipment	1,419,822	1,120,045	299,777	292,182
Housing Land	<u>901,930</u>	<u>-</u>	<u>901,930</u>	<u>901,930</u>
	\$ 35,656,956	\$ 8,149,985	\$ 29,618,685	\$ 27,861,765

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

315 Yorston	\$ 894,021
Highway 97 corridor	484,500
Elders' building	283,267
New Band building	96,994
Water system upgrade	287,573
Computer equipment	<u>65,359</u>
	\$ 2,111,714

Amortization was recorded as follows:

	Balance as at April 1, 2018	2019 Provision	Balance as at March 31, 2019
Coyote Rock golf course	\$ 154,387	\$ 19,974	\$ 174,361
Automotive equipment	1,014,252	22,152	1,036,404
Buildings and infrastructure	5,564,270	254,905	5,819,175
Computer and office equipment	<u>1,062,282</u>	<u>57,763</u>	<u>1,120,045</u>
	\$ 7,795,191	\$ 354,794	\$ 8,149,985

There were no asset disposals during the year (2018 - \$nil). There were no asset write-downs during the year (2018 - \$nil).

WILLIAMS LAKE INDIAN BAND

7.12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2019****12. BAND EQUITY - UNRESTRICTED**

The accumulated surplus consists of the following fund balances:

	<u>2019</u>	<u>2018</u>
Operating and Capital Projects Fund	\$ 39,891,403	\$ 30,820,521
Ottawa Trust Fund	12,632	10,730
Investment in Band Business Enterprises	1,859,707	471,428
Treaty Self-Government Fund	<u>73,400</u>	<u>92,691</u>
	<u>\$ 41,837,142</u>	<u>\$ 31,395,370</u>

13. CONTRIBUTED SURPLUS

Contributed surplus consists of the following:

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

14. 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 and accounts payable and accrued liabilities. 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, 2019

15. 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, 2019, 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, 2019, the balances of the conditional financing agreements aggregated \$793,792.

The Band has guaranteed bank indebtedness of Sugar Cane TreadPro Limited. The guarantee is for \$455,000. As at March 31, 2019, the balances outstanding on these accounts was \$372,123.

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, 2019, the balances outstanding were \$725,901. 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 to Band members. The original balances on these loans were \$1,513,801. As at March 31, 2019, the balances outstanding were:

Loans made to Band Members	\$	<u>426,106</u>
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16. 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>4,100,823</u>
ISC Revenue per schedule 5.2		
Operating	\$	3,561,009
Capital		<u>415,540</u>
		3,976,549
Wildfire House Replacement Funding		<u>124,274</u>
Recorded by Band in year ended March 31, 2018		
	\$	<u>4,100,823</u>

WILLIAMS LAKE INDIAN BAND

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019****17. 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 \$101,369 to the plan during the year ended March 31, 2019 (2018 - \$97,275) to match its employees' required contributions.

18. 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>2019</u>	<u>2018</u>
SUPPLIES AND SERVICES PROVIDED BY:		
Sugar Cane TreadPro	\$ 13,318	\$ 11,092
Sugarcane Petroleum Products Corporation	46,976	14,530
Sugar Cane Development Corporation	59,343	157,330
Sugar Cane Community Diversification Association	-	5,000
Borland Creek Logging Ltd.	<u>348,428</u>	<u>461,120</u>
	<u>\$ 468,065</u>	<u>\$ 649,072</u>
SUPPLIES AND SERVICES PROVIDED TO:		
Borland Creek Logging Ltd.	\$ 32,855	\$ 29,062
Sugar Cane Development Corporation	49,896	-
Sugarcane Petroleum Products Corporation	<u>9,986</u>	<u>-</u>
	<u>\$ 92,737</u>	<u>\$ 29,062</u>
ROYALTIES RECEIVED FROM:		
Sugarcane Petroleum Products Corporation	\$ 145,681	\$ 114,418
Borland Creek Logging Ltd.	<u>75,000</u>	<u>75,000</u>
	<u>\$ 220,681</u>	<u>\$ 189,418</u>

WILLIAMS LAKE INDIAN BAND

7.15

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

19. 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 previous 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.

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.

20. EXPENSES BY OBJECT

Salaries, wages and benefits	\$ 3,014,137	\$ 2,768,968
Materials and supplies	736,918	1,213,981
Contracted services	4,044,498	2,701,344
Wildfire house loss replacement	6,931	303,107
Rent, maintenance and utilities	1,256,965	481,053
Honoraria	141,190	118,501
Insurance	123,795	90,525
Education	1,154,024	1,135,228
Bank charges and interest	115,983	131,686
Amortization	354,794	378,553
Travel	242,995	177,541
Social assistance	254,789	124,114
Bad debts	4,820	97,751
150 Mile Ranch Operating	<u>154,423</u>	<u>131,742</u>
	\$ 11,606,262	\$ 9,854,104

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

21. COMPARATIVE FIGURES

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

22. 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, 2019

Year Ended March 31, 2019

	Natural		Social		Treaty		Social		Capital		Band-Owned	
	Administration	Resources	Public Works	Education	Development	Recreation	Negotiation	Housing	Projects	Enterprises		Totals
Revenue												
ISC	\$ 762,860	\$ 314,569	\$ 671,700	\$ 1,595,302	\$ 216,578	\$ -	\$ -	\$ 415,540	\$ -	\$ 1,515,464	\$ 3,976,549	
Other	1,831,922	10,869,247	871,801	670,266	150,224	69,428	411,914	-	2,434,670	1,515,464	18,824,936	
Total	2,594,782	11,183,816	1,543,501	2,265,568	366,802	69,428	411,914	-	2,850,210	1,515,464	22,801,485	
Expenses												
Wages and benefits	1,048,463	469,430	356,882	638,512	183,623	130,517	249,175	-	8,638	-	\$ 3,085,240	
Goods and services	1,977,447	2,127,605	1,098,371	1,511,753	292,359	62,995	182,030	-	1,667,119	-	\$ 8,919,679	
Amortization	-	-	-	-	-	-	-	-	354,794	-	\$ 354,794	
Total	3,025,910	2,597,035	1,455,253	2,150,265	475,982	193,512	431,205	-	2,030,551	-	12,359,713	
Surplus (Deficit)	\$ (431,128)	\$ 8,586,781	\$ 88,248	\$ 115,303	\$ (109,180)	\$ (124,084)	\$ (19,291)	-	\$ 819,659	\$ 1,515,464	\$ 10,441,772	

Year Ended March 31, 2018

	Natural		Social		Treaty		Social		Capital		Band-Owned	
	Administration	Resources	Public Works	Education	Development	Recreation	Negotiation	Housing	Projects	Enterprises		Totals
Revenue												
ISC	\$ 688,668	\$ 206,400	\$ 594,131	\$ 1,587,121	\$ 244,294	\$ -	\$ -	\$ 59,595	\$ -	\$ 426,527	\$ 3,380,209	
Other	2,445,147	5,480,096	530,486	563,801	246,325	99,721	428,164	12,132	2,362,850	426,527	12,595,249	
Total	3,133,815	5,686,496	1,124,617	2,150,922	490,619	99,721	428,164	12,132	2,422,445	426,527	15,975,458	
Expenses												
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	-	6,706,583	
Amortization	-	-	-	-	-	-	-	-	378,553	-	378,553	
Total	2,949,837	750,580	1,170,647	2,029,679	267,724	145,228	414,140	10,916	2,115,353	-	9,854,104	
Surplus (Deficit)	\$ 183,978	\$ 4,935,916	\$ (46,030)	\$ 121,243	\$ 222,895	\$ (45,507)	\$ 14,024	\$ 1,216	\$ 307,092	\$ 426,527	\$ 6,121,354	