



Williams Lake
FIRST NATION

WILLIAMS LAKE FIRST NATION

**CONSOLIDATED FINANCIAL
STATEMENTS**

For the year ended March 31, 2021

**WILLIAMS LAKE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2021**

CONTENTS

	<u>Page</u>
MANAGEMENT RESPONSIBILITY STATEMENT	
INDEPENDENT AUDITOR'S REPORT	1 - 2
CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS	3
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
CHANGES IN NET FINANCIAL ASSETS	5
CONSOLIDATED STATEMENT OF CASH FLOWS	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	7 - 19
CONSOLIDATED SCHEDULE OF REVENUES	20
CONSOLIDATED SCHEDULE OF EXPENDITURES	21



MANAGEMENT RESPONSIBILITY STATEMENT

The accompanying consolidated financial statements of Williams Lake First Nation 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 First Nation 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 Nation's assets are appropriately accounted for and adequately safeguarded.

The Chief and Council are responsible for ensuring the integrity of the Nation'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 First Nation'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


Chief Financial Officer

July 30, 2021


Chair, Finance and Audit Committee



223 Reid Street, Quesnel, BC, V2J 2M1
Telephone: 778-414-5678 FAX: 778-414-5679

INDEPENDENT AUDITOR'S REPORT

To the Members of

Williams Lake First Nation

Opinion

We have audited the consolidated financial statements of Williams Lake First Nation, which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and statement of 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 consolidated financial position of the organization as at March 31, 2021, and its consolidated results of operations and its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the organization in accordance with the 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 Consolidated 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 consolidated financial statements, management is responsible for assessing the organization'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 Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 judgment 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 for 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 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 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 Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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*

Quesnel, BC
July 30, 2021

FBB CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP

WILLIAMS LAKE FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended March 31, 2021

	<u>2021 Budget</u>	<u>2021 Actual</u>	<u>2020 Actual</u>
REVENUES, Schedule 1	\$ 9,776,416	\$ 15,116,820	\$ 14,607,566
EXPENDITURES, Schedule 2	<u>25,626,715</u>	<u>22,293,627</u>	<u>12,757,106</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>(15,850,299)</u>	<u>(7,176,807)</u>	<u>1,850,460</u>
OTHER EXPENSES (INCOME)			
Amortization	-	806,297	409,700
Tangible capital asset acquisitions	-	(9,035,994)	(1,456,318)
Operating results of Nation Enterprises	-	904,432	(670,180)
Funding recoveries	-	20,243	-
	<u>-</u>	<u>(9,113,886)</u>	<u>(376,438)</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	<u>(15,850,299)</u>	<u>1,937,079</u>	<u>2,226,898</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>43,795,495</u>	<u>43,795,495</u>	<u>41,568,597</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 27,711,369</u>	<u>\$ 45,732,574</u>	<u>\$ 43,795,495</u>

See accompanying notes

WILLIAMS LAKE FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2021

	<u>2021</u>	<u>2020</u>
FINANCIAL ASSETS		
Cash	\$ 9,070,015	\$ 15,016,655
Accounts receivable (note 3)	1,762,227	3,402,797
Work in progress (note 4)	399,762	-
Trust funds held by Canada (note 5)	12,441	12,535
Investment in Nation business enterprises (note 6)	<u>3,912,098</u>	<u>2,678,309</u>
	<u>15,156,543</u>	<u>21,110,296</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (note 8)	1,707,998	1,746,717
Deferred revenue (note 9)	62,500	-
Bank indebtedness (note 10)	370,869	390,524
Long-term debt (note 11)	<u>6,005,581</u>	<u>5,550,000</u>
	<u>8,146,948</u>	<u>7,687,241</u>
Net financial assets (debt)	<u>7,009,595</u>	<u>13,423,055</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	127,109	101,750
Inventory	142,400	130,305
Tangible capital assets (note 7)	<u>39,355,400</u>	<u>31,042,315</u>
	<u>39,624,909</u>	<u>31,274,370</u>
	<u>\$ 46,634,504</u>	<u>\$ 44,697,425</u>
Contributed surplus (note 12)	901,930	901,930
Accumulated surplus	<u>45,732,574</u>	<u>43,795,495</u>
NATION EQUITY (note 13)	<u>\$ 46,634,504</u>	<u>\$ 44,697,425</u>

On behalf of the Chief, Council, Management, and Finance and Audit Committee


Chief
Christy Billy Boy
Chair
Chair, Finance and Audit Committee

See accompanying notes

WILLIAMS LAKE FIRST NATION
CONSOLIDATED CHANGES IN NET FINANCIAL ASSETS
As at March 31, 2021

	2021 Budget	2021 Actual	2020 Actual
(Deficiency) excess of revenues over expenditures	\$ (15,850,299)	\$ 1,937,079	\$ 2,226,898
Acquisition of prepaid expenses	-	(25,359)	(87,440)
Acquisition of inventory	-	(12,095)	(17,880)
Acquisition of tangible capital assets	-	(9,119,382)	(2,729,194)
Amortization	-	806,297	409,700
	<hr/>	<hr/>	<hr/>
	-	(8,313,085)	(2,319,494)
(Decrease) increase in net financial assets	(15,850,299)	(6,413,460)	1,074,960
Net financial assets, beginning of year	<hr/> 13,423,055	<hr/> 13,423,055	<hr/> 12,348,095
Net financial assets (net debt), end of year	<hr/> \$ (2,427,244)	<hr/> \$ 7,009,595	<hr/> \$ 13,423,055

See accompanying notes

WILLIAMS LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 1,937,079	\$ 2,226,898
Items not affecting cash		
Amortization	806,297	409,700
Operating results of Nation Owned Enterprises	(904,432)	670,180
Operating results of Williams Lake Community Forest	347,212	-
	<hr/>	<hr/>
Change in non-cash working capital items	2,186,156	3,306,778
Accounts receivable	1,640,570	(1,967,744)
Work in progress	(399,762)	-
Accounts payable and accrued liabilities	(38,719)	837,804
Deferred revenue	62,500	(75,000)
Prepaid expenses	(25,359)	(87,440)
Inventory	(12,095)	(17,880)
	<hr/>	<hr/>
	3,413,291	1,996,518
INVESTING ACTIVITIES		
Decrease in trust funds held by Canada	94	97
Purchase of tangible capital assets	(9,119,382)	(1,456,318)
	<hr/>	<hr/>
	(9,119,288)	(1,456,221)
FINANCING ACTIVITIES		
Investment in related parties	(676,569)	(257,839)
Repayment of long-term debt	(138,518)	-
Proceeds of long-term debt	594,099	5,550,000
	<hr/>	<hr/>
	(220,988)	5,292,161
(DECREASE) INCREASE IN CASH	(5,926,985)	5,832,458
CASH, BEGINNING OF YEAR	14,626,131	8,793,673
CASH, END OF YEAR	\$ 8,699,146	\$ 14,626,131
CASH CONSISTS OF:		
Cash	\$ 8,790,786	\$ 14,739,154
FNFA Debt Reserve Fund	279,229	277,501
Bank indebtedness	(370,869)	(390,524)
	<hr/>	<hr/>
	\$ 8,699,146	\$ 14,626,131

See accompanying notes

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2021

1. Nature of operations

Williams Lake First Nation is a First Nation in the Williams Lake, B.C. area and provides various municipal services for its nation members.

2. Accounting policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The significant accounting policies are detailed as follows:

(a) Basis of presentation

In order to satisfy the Reporting Guide's Financial Reporting Requirements of Indigenous Services 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 Nation and the changes thereto. The Consolidated Statement of Financial Position includes all the assets and liabilities of the Nation. Financial assets are economic resources controlled by the Nation as a result of past transactions from which future economic benefits may be obtained. Liabilities are present obligations of the Nation to others arising from past transactions, the settlement of which is expected to result in the future sacrifice of economic benefits.
- b. Williams Lake First Nation 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 First Nation maintains the following funds:

- The Operations Fund which reports the general activities of the Nation.
- The Capital Fund which reports the capital projects of the Nation together with their related financing, other than those capital assets funded by CMHC.
- The Investment Fund which reports the Nation's investments in related entities.
- The Trust Fund which reports on the trust funds owned by the Nation and held by third parties.
- The Treaty Self-Government Fund which reports on activities related to treaty negotiations.

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2021

2. Accounting policies, continued

(b) Basis of consolidation

The Williams Lake First Nation reporting entity includes the Nation Government and all related entities which are accountable to the Nation Council and are either owned or controlled by the Nation.

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:

- Nation Government administration (Operating and Capital Funds)
 - Nation Investment Fund
 - Nation Trust Fund (comprising the Ottawa Trust Funds)
 - Nation 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 First Nation and which are not dependent on the Nation 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.
- Coyote Rock GP Ltd.
- Coyote Rock LP
- Unity Cannabis LP

(c) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(d) Tangible capital assets

Tangible capital assets are recorded at cost. The Nation provides for amortization using the declining balance method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2021

2. Accounting policies, continued

(d) Tangible capital assets, continued

Buildings	2-4%
Equipment	20%
Vehicles	30%
Fences	10%

Tangible capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

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

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. Assets are not amortized until they are put into 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.

(e) Investments

Investments in the Nation'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.

(f) 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.

(g) 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 Nation is notified of their deposit by Indigenous Services Canada.

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2021

2. Accounting policies, continued

(h) 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 First Nation retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

(i) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are the impairment of tangible capital assets and due from Nation entities, rates for amortization and the useful lives of tangible capital assets..

(j) Liability for Contaminated Sites

PS3260 of the CPA Canada Public Sector Accounting Standards notes that a liability for remediation of contaminated sites should be recognized when, as at the reporting date: an environmental standard exists; contamination exceeds the standards; the Nation has accepted responsibility for or is directly responsible; it is expected that future economic benefits will be given up; and a reasonable estimate can be made.

The Nation is unaware of any contaminated sites on lands within the jurisdiction of the Nation. Should management become aware of any contaminated sites the Nation is responsible for remediating, a liability for contaminated sites would be setup in accordance with PS3260.

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2021

3. Accounts receivable

	2021	2020
Rent	\$ 461,891	\$ 562,109
Rent to own - L. Billyboy	140,365	149,905
Allowance for doubtful accounts	(235,754)	(235,754)
Province of B.C.	2,885	677,126
Indigenous Services Canada	26,576	208,113
Natural Resources Canada	44,173	-
CMHC	12,000	-
FNESC	156,981	21,313
First Peoples' Heritage Language and Culture	1,889	35,668
First Nations Health Authority	8,400	9,692
New Relationship Trust	-	10,000
Northern Development Initiative Trust	27,692	14,575
PWC LLP	6,400	68,677
Williams Lake Community Forest	145,000	1,100,000
CCATEC	5,368	23,893
GST recoverable	57,944	49,020
Northern Shuswap Treaty Society	108,504	-
Shuswap Nation Trial Council	19,006	-
Three Corners Health Society	59,986	-
All other	258,119	223,086
Cantex Okanagan Construction	17,325	-
BC Aboriginal Childcare Society	74,080	-
Borland Creek Logging Ltd.	172,724	139,429
Sugar Cane Development Corporation	15,056	85,024
Sugarcane Petroleum Products Corporation	293	259,321
Sugar Cane TreadPro Limited	-	1,600
Unity Cannabis LP	175,324	-
	<u>\$ 1,762,227</u>	<u>\$ 3,402,797</u>

4. Work in progress

	2021	2020
Member built homes	<u>\$ 399,762</u>	<u>\$ -</u>

The Nation is currently building 3 member-built homes, whereby the Nation pays the building contractors utilizing loan funds from the Nation's lender. Upon satisfactory completion of the homes, the completed homes will be purchased from the Nation directly by the members.

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2021

5. Trust funds held by Canada

	2021	2020
Ottawa Trust Accounts	<u>\$ 12,441</u>	<u>\$ 12,535</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.

6. Investment in Nation business enterprises

	2021	2020
Borland Creek Logging Ltd.	\$ 1,400,465	\$ 977,513
Coyote Rock LP	412,753	340,122
Sugar Cane Development Corporation	1,446,586	1,130,741
Sugarcane Petroleum Products Corporation	404,448	330,162
Chief William RV-Campsite Ltd.	53,980	53,092
Sugar Cane TreadPro Limited	(1,634,862)	(1,616,068)
Sugar Cane Community Diversity Association	(9,742)	(9,742)
Coyote Rock GP Ltd.	(5,086)	(1,044)
Unity Cannabis LP	50,919	-
Williams Lake Community Forest LP	<u>196,834</u>	<u>544,046</u>
	<u>2,316,295</u>	<u>1,748,822</u>
Advances - Coyote Rock LP	24,450	24,450
Advances - Sugar Cane Development Corporation	389,737	350,519
Advances - Sugarcane Petroleum Products Corporation	-	(243,648)
Advances - Chief William RV-Campsite Ltd.	-	(1,834)
Advances - Sugar Cane TreadPro Limited	<u>1,181,616</u>	<u>800,000</u>
	<u>1,595,803</u>	<u>929,487</u>
	<u><u>\$ 3,912,098</u></u>	<u><u>\$ 2,678,309</u></u>

The amounts due to the related companies are unsecured, non-interest bearing and have no specific terms of repayment. The investments are accounted for by the modified equity method. Under this method, the cost of the investments are adjusted for the earnings from the date of acquisition.

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2021

7. Tangible capital assets

	2021		2020	
	Cost	Accumulated amortization	Net	Net
Land	\$ 3,771,524	\$ -	\$ 3,771,524	\$ 3,771,524
Buildings	43,115,609	8,159,599	34,956,010	26,885,169
Equipment	642,718	454,086	188,632	190,651
Vehicles	682,079	360,304	321,775	171,749
Fences	132,284	14,825	117,459	23,222
	<u>\$ 48,344,214</u>	<u>\$ 8,988,814</u>	<u>\$ 39,355,400</u>	<u>\$ 31,042,315</u>

During the year, the Nation purchased the following tangible capital assets:

	2021
Sugar Cane Cannabis building in progress	\$ 2,768,957
New Administration building in progress	5,790,039
New housing project in progress	120,000
Health building renovations	58,778
2020 Ford F550	111,828
2019 Toyota Sienna	37,988
2020 Ford F-450	89,345
2009 Vehicles	2
2 Sea Cans	16,292
Dump Trailer	13,120
Columbarium roof cover	10,492
Fencing	<u>102,541</u>
	<u>\$ 9,119,382</u>

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2021

8. Accounts payable and accrued liabilities

	2021	2020
Trade payables and accrued liabilities	\$ 1,464,888	\$ 1,478,603
Payroll and withholding taxes	130,869	131,049
GST payable	53,511	25,787
ISC surplus recoveries	-	25,054
Other accrued liabilities	24,000	16,400
Borland Creek Logging Ltd.	33,730	38,362
Sugar Cane Development Corporation	-	30,652
Sugarcane Petroleum Products Corporation	1,000	810
	<hr/>	<hr/>
	\$ 1,707,998	\$ 1,746,717

9. Deferred revenue

	2021	2020
Rental lease	\$ 62,500	\$ -

The above mentioned lease payment was received in March 2021, but is for the lease term of April 1, 2021 to March 31, 2022 and therefore is deferred to the subsequent fiscal year.

10. Bank indebtedness

	2021	2020
BMO - Demand loan bearing interest at prime plus 0.5% per annum (March 31, 2021 - 2.95%), repayable in monthly blended instalments of \$1,070	\$ 140,365	\$ 149,905
BMO - Demand loan bearing interest at prime plus 0.5% per annum (March 31, 2021 - 2.95%), repayable in monthly blended instalments of \$1,316	230,504	240,619
	<hr/>	<hr/>
	\$ 370,869	\$ 390,524

Estimated principal repayments are as follows:

2022	\$ 17,864
2023	18,398
2024	18,948
2025	19,514
2026	19,950
Subsequent years	276,195
	<hr/>
	\$ 370,869

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2021

10. Bank indebtedness, continued

The above demand loans and unused line of credit are secured by a general security agreement. The line of credit also bears interest at prime plus 0.5% and has an aggregate limit of \$350,000. The demand loans are secured by Sugar Cane TreadPro Limited and Sugarcane Petroleum Products Corporation.

11. Long-term debt

	<u>2021</u>	<u>2020</u>
FNFA - Demand loan bearing interest at their prime rate (March 31, 2021 - 2.95%) repayable in annual instalments tied to the Nation's B.C. First Nation Gaming Revenue Sharing Limited Partnership	\$ 5,428,140	\$ 5,550,000
Ford Credit Canada - Conditional sales contract repayable in monthly interest-free instalments of \$1,489, secured by a specific vehicle with a net carrying amount of \$80,410	83,388	-
BMO - Loan repayable in monthly blended instalments of \$2,074 bearing interest at bank prime plus 0.5% (March 31, 2021 - 2.95%), secured by a general security agreement as disclosed in Note 10	245,207	-
BMO - Loan repayable in monthly blended instalments of \$1,458 bearing interest at bank prime plus 0.5% (March 31, 2021 - 2.95%), secured by a general security agreement as disclosed in Note 10	248,846	-
	<u>\$ 6,005,581</u>	<u>\$ 5,550,000</u>

The FNFA loan is secured by an assignment of the funding provided to the Nation by the B.C. First Nation Gaming Revenue Sharing Limited Partnership.

Estimated principal repayments are as follows:

2022	\$ 169,391
2023	173,922
2024	178,588
2025	183,395
2026	182,392
Subsequent years	<u>5,117,893</u>
	<u>\$ 6,005,581</u>

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2021

12. Contributed surplus

	2021	2020
Nation construction contribution	\$ 522,430	\$ 522,430
Land	<u>379,500</u>	<u>379,500</u>
	<u><u>\$ 901,930</u></u>	<u><u>\$ 901,930</u></u>

13. Nation equity

	2021	2020
Operating and capital funds	\$ 44,037,959	\$ 43,144,973
Ottawa Trust Funds	12,441	14,656
Investment in Nation Business Enterprises	1,573,744	543,970
Treaty Self-Government Fund	108,430	91,896
Contributed surplus (Note 12)	<u>901,930</u>	<u>901,930</u>
	<u><u>\$ 46,634,504</u></u>	<u><u>\$ 44,697,425</u></u>

14. Financial instruments

The Nation's financial instruments consist of cash, cash restricted as to use, accounts receivable, trust funds held by Canada, debt reserve fund, investments, bank advances accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the Nation 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 Nation 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 Nation provides services may experience financial difficulty and be unable to fulfill their obligations.

The Nation 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.

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2021

15. Reconciliation of ISC Funding Arrangement Revenue

	2021
ISC Funding Confirmation	<u>\$ 5,681,324</u>
ISC Revenue per Schedule 1 Jordan's Principle Q20W 2020/2021 Funding not on confirmation	<u>\$ 5,748,928</u> <u>(67,604)</u>
	<u><u>\$ 5,681,324</u></u>

16. Nation Registered Pension Plan

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

The Nation contributed \$142,123 to the plan during the year ended March 31, 2021 (2020 - \$103,756) to match its employees' required contributions.

17. Contingent asset

On February 2, 2018, the Supreme Court of Canada found in favour of the Williams Lake First Nation (formerly Williams Lake Indian Band) in Case Docket 36983. This Case was an appeal by the Nation 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 Nation 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 Nation's claim. The Nation 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 Nation in relation to the protection of its Village lands from pre-emption and that the Nation'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 Nation.

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.

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2021

18. Contingent liabilities

The Nation 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, 2021, Borland Creek Logging Ltd. had no outstanding indebtedness on these lines of credit. The Nation has guaranteed financing agreements for log harvest equipment operated by Borland Creek Logging Ltd. As at March 31, 2021, the balances of the conditional financing agreements aggregated \$943,379.

The Nation 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, 2021, the balances outstanding were \$512,103. The Nation has also guaranteed a letter of credit in favour of a supplier in the amount of \$155,000.

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, 2021, the balances outstanding were \$425,308.

19. Segment Disclosures

The Nation 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 Nation 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 Nation's stewardship of the natural resources that are owned by the Nation.

PUBLIC WORKS

This segment provides services relating to the development, maintenance and service of the Nation'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 Nation's members.

SOCIAL DEVELOPMENT

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

RECREATION

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

TREATY NEGOTIATION SUPPORT PROGRAM

This segment is working towards the finalization of treaty negotiations.

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2021

20. Expenses by object

	2021	2020
Wages and benefits	\$ 4,612,218	\$ 3,262,181
Materials and supplies	735,045	429,487
Contracted services	12,868,792	5,317,420
Rent, maintenance and utilities	984,139	707,292
Honoraria	124,343	153,285
Insurance	140,325	186,906
Education	1,212,864	1,186,972
Bank charges and interest	139,401	27,494
Travel	71,131	252,961
Social assistance	240,101	179,182
All other service delivery costs	<u>1,165,268</u>	<u>1,053,926</u>
	<u><u>\$ 22,293,627</u></u>	<u><u>\$ 12,757,106</u></u>

21. Comparative figures

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect the excess of revenue over expenditures or surpluses.

WILLIAMS LAKE FIRST NATION

Consolidated SCHEDULE OF REVENUES

For the year ended March 31, 2021

	2021 Budget	2021 Actual	2020 Actual
AANDC Operating	\$ 3,548,119	\$ 5,748,928	\$ 3,970,605
AANDC Capital	-	-	675,663
Northern Shuswap Treaty Society	434,014	434,014	434,014
CCATEC	84,824	94,810	123,409
Northern Shuswap Tribal Council	62,500	187,914	59,005
CMHC	-	29,870	8,438
Three Corners Health Services Society	138,709	187,955	38,600
Environment Canada	49,999	373,010	105,531
Province of British Columbia	1,648,546	2,499,488	2,932,809
Tolko Industries Ltd.	60,000	444,088	60,000
Rentals	543,400	564,091	498,750
All other	1,650,486	2,838,972	4,082,943
Mount Polley Gold Mines	-	45,000	-
Royalties	225,000	225,000	225,000
Service contracts	172,000	56,267	121,142
Daycare fees	16,000	44,653	17,952
Enbridge	50,000	50,000	50,000
BC Hydro	6,158	6,158	6,158
Northern Development Initiatives Trust	257,500	44,542	61,344
FNESC	159,948	413,365	202,921
Knucwentwecw Society	155,000	235,000	115,000
Donations and fundraising	46,000	20,506	56,848
Borland Creek Logging	27,000	36,434	35,296
Property taxes	24,122	24,122	19,279
Gibraltar Mine	110,000	110,000	110,000
New Relationship Trust	2,000	20,000	56,400
First Nations Health Authority	153,549	201,891	161,940
Insurance proceeds	11,000	24,050	-
First Peoples Cultural Council	66,273	47,476	93,892
Interest	20,000	106,750	222,982
Administration fees	54,269	2,466	61,645
	<hr/> <u>\$ 9,776,416</u>	<hr/> <u>\$ 15,116,820</u>	<hr/> <u>\$ 14,607,566</u>

WILLIAMS LAKE FIRST NATION
CONSOLIDATED SCHEDULE OF EXPENDITURES
For the year ended March 31, 2021

	2021 Budget	2021 Actual	2020 Actual
Administration	\$ 3,833,168	\$ 3,881,307	\$ 3,824,482
Capital Projects	9,981,888	5,927,306	1,063,444
Education	2,926,165	2,389,167	2,099,390
Natural resources	5,059,411	5,389,147	3,147,813
Public works	1,865,204	3,185,645	1,397,160
Recreation	390,089	245,607	274,780
Social development	1,088,281	900,784	578,739
Treaty	482,509	374,664	371,298
	<u>\$ 25,626,715</u>	<u>\$ 22,293,627</u>	<u>\$ 12,757,106</u>

Statement of Operations by Reporting Segment
 Year Ended March 31, 2021

	Administration	Economic Development	Natural Resources	Public Works	Education	Social Development	Recreation	Treaty Negotiation	Capital Projects	Ottawa Trust Funds	Band-Owned Enterprises	Totals
Revenue												
ISC	\$ 719,078	\$ 523,687	\$ -	\$ 2,120,061	\$ 1,946,405	\$ 439,697	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,748,928
Other	2,885,755	1,556,221	3,246,304	884,789	977,947	390,588	117,212	434,014	-	-	904,432	11,397,262
Total	3,604,833	2,079,908	3,246,304	3,004,850	2,924,352	830,285	117,212	434,014	-	-	904,432	17,146,190
Expenses	9,354,701	4,492,829	2,197,744	3,749,653	2,598,085	856,338	236,841	441,799	806,298	94	-	24,734,382
Net revenue for the year	(5,749,868)	(2,412,921)	1,048,560	(744,803)	326,267	(26,053)	(119,629)	(7,785)	(806,298)	(94)	904,432	(7,588,192)
Transfers	4,462,072	2,055,651	(7,419,943)	353,018	116,090	227,849	259,294	-	9,348,018	(2,120)	125,342	9,525,271
Surplus (deficit), Beginning	6,753,430	1,481,723	13,078,246	1,167,673	589,838	266,535	-	116,214	20,685,140	14,656	543,970	44,697,425
Surplus (Deficit), ending	\$ 5,465,634	\$ 1,124,453	\$ 6,706,863	\$ 775,888	\$ 1,032,195	\$ 468,331	\$ 139,665	\$ 108,429	\$ 29,226,860	\$ 12,442	\$ 1,573,744	\$ 46,634,504