

WILLIAMS LAKE FIRST NATION
CONSOLIDATED FINANCIAL
STATEMENTS

For the year ended March 31, 2023

**WILLIAMS LAKE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2023**

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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

Chair, Finance and Audit Committee

July 27, 2023



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, 2023, 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 management as at March 31, 2023, 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 management 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 management'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 management'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 Charterd Professional
Accountants LLP*

Quesnel, BC
July 27, 2023

FBB CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP

WILLIAMS LAKE FIRST NATION**CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

For the year ended March 31, 2023


	2023 Budget (unaudited)	2023 Actual	2022 Actual
REVENUES, Schedule 1	\$ 19,113,295	\$ 33,086,386	\$ 24,815,371
EXPENDITURES, Schedule 2	<u>26,304,990</u>	<u>29,377,147</u>	<u>27,156,511</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>(7,191,695)</u>	<u>3,709,239</u>	<u>(2,341,140)</u>
OTHER INCOME (EXPENSES)			
Amortization	-	(1,704,981)	(1,148,579)
Gain on sale of tangible capital assets	-	-	2,021
Tangible capital asset acquisitions	-	5,132,484	8,356,145
Unrealized loss on WLFN trust funds	-	(175,671)	-
Operating results of Nation Enterprises	-	51,881	2,346,067
Dividends and interest on WLFN trust funds	-	3,867,984	-
Federal Settlement	-	130,000,000	-
Funding recoveries	-	-	(45,297)
	<u>-</u>	<u>(137,171,697)</u>	<u>(9,510,357)</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	<u>(7,191,695)</u>	<u>140,880,936</u>	<u>7,169,217</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>52,901,791</u>	<u>52,901,791</u>	<u>45,732,574</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 193,782,727</u>	<u>\$ 193,782,727</u>	<u>\$ 52,901,791</u>

See accompanying notes

WILLIAMS LAKE FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2023

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash and investments (note 3)	\$ 145,733,927	\$ 6,064,322
Accounts receivable (note 4)	5,898,164	3,043,546
Work in progress (note 5)	867,502	179,954
Trust funds held by Canada (note 6)	12,691	12,504
Investment in Nation business enterprises (note 7)	<u>5,464,902</u>	<u>5,538,718</u>
	<u>157,977,186</u>	<u>14,839,044</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (note 9)	1,351,135	1,082,378
Deferred revenue (note 10)	67,500	259,126
Bank indebtedness (note 11)	214,539	220,146
Long-term debt (note 12)	<u>12,873,391</u>	<u>7,220,632</u>
	<u>14,506,565</u>	<u>8,782,282</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	262,250	289,726
Inventory	138,850	158,525
Tangible capital assets (note 8)	<u>50,812,936</u>	<u>47,298,708</u>
	<u>51,214,036</u>	<u>47,746,959</u>
	<u>\$ 194,684,657</u>	<u>\$ 53,803,721</u>
Contributed surplus (note 13)	901,930	901,930
Accumulated surplus	<u>193,782,727</u>	<u>52,901,791</u>
NATION EQUITY (note 14)	<u>194,684,657</u>	<u>53,803,721</u>
	<u>\$ 194,684,657</u>	<u>\$ 53,803,721</u>

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



 Chief



 Chair, Finance and Audit Committee



 Chief Financial Officer

July 27, 2023

See accompanying notes

WILLIAMS LAKE FIRST NATION
CONSOLIDATED CHANGES IN NET FINANCIAL ASSETS
As at March 31, 2023

	2023 Budget (unaudited)	2023 Actual	2022 Actual
(Deficiency) excess of revenues over expenditures	<u>\$ (7,191,695)</u>	<u>\$ 140,880,936</u>	<u>\$ 7,169,217</u>
Acquisition of prepaid expenses	<u>-</u>	<u>27,476</u>	<u>(162,617)</u>
Acquisition of inventory	<u>-</u>	<u>19,675</u>	<u>(16,125)</u>
Acquisition of tangible capital assets	<u>-</u>	<u>(5,219,210)</u>	<u>(9,101,865)</u>
Amortization	<u>-</u>	<u>1,704,981</u>	<u>1,148,579</u>
	<u>-</u>	<u>(3,514,228)</u>	<u>(7,943,308)</u>
Transfer from accumulated surpluses	(679,880)	-	-
Increase (decrease) in net financial assets	(7,871,575)	137,413,859	(952,833)
Net financial assets, beginning of year	<u>7,009,595</u>	<u>6,056,762</u>	<u>7,009,595</u>
Net financial assets (net debt), end of year	<u>\$ (861,980)</u>	<u>\$ 143,470,621</u>	<u>\$ 6,056,762</u>

See accompanying notes

WILLIAMS LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 140,880,936	\$ 7,169,217
Items not affecting cash		
Amortization	1,704,981	1,148,579
Gain on sale of tangible capital assets	-	(2,021)
Operating results of Nation Owned Enterprises	(51,881)	(2,346,067)
Operating results of Williams Lake Community Forest	<u>121,809</u>	<u>(46,278)</u>
	142,655,845	5,923,430
Change in non-cash working capital items		
Accounts receivable	(2,854,618)	(1,281,319)
Work in progress	(687,548)	219,808
Accounts payable and accrued liabilities	268,757	(625,620)
Deferred revenue	(191,626)	196,626
Prepaid expenses	27,476	(162,617)
Inventory	<u>19,675</u>	<u>(16,125)</u>
	<u>139,237,961</u>	<u>4,254,183</u>
INVESTING ACTIVITIES		
Increase in trust funds held by Canada	(187)	(63)
Purchase of tangible capital assets	(5,219,210)	(9,017,635)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>12,000</u>
	<u>(5,219,397)</u>	<u>(9,005,698)</u>
FINANCING ACTIVITIES		
Investment in related parties	3,889	681,494
Repayment of long-term debt	(267,867)	(409,147)
Proceeds of long-term debt	<u>5,920,626</u>	<u>1,624,198</u>
	<u>5,656,648</u>	<u>1,896,545</u>
INCREASE (DECREASE) IN CASH	139,675,212	(2,854,970)
CASH, BEGINNING OF YEAR	<u>5,844,176</u>	<u>8,699,146</u>
CASH, END OF YEAR	<u><u>\$ 145,519,388</u></u>	<u><u>\$ 5,844,176</u></u>
CASH CONSISTS OF:		
Cash and investments	\$ 11,453,741	\$ 5,715,048
FNFA Debt Reserve Fund	521,033	283,516
FNFA SRTA Trust Funds	91,465	65,758
WLFN Trust Funds	133,667,688	-
Bank indebtedness	<u>(214,539)</u>	<u>(220,146)</u>
	<u><u>\$ 145,519,388</u></u>	<u><u>\$ 5,844,176</u></u>

See accompanying notes

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2023

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, 2023

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
- Sugar Cane 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, 2023

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, 2023

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, 2023

3. Cash and investments

	<u>2023</u>	<u>2022</u>
Chequing and savings accounts	\$ 11,453,741	\$ 5,715,048
FNFA debt reserve funds	521,033	283,516
FNFA SRTA funds	91,465	65,758
WLFN Trust Funds (Cost - \$133,843,359)	<u>133,667,688</u>	<u>-</u>
	<u>\$ 145,733,927</u>	<u>\$ 6,064,322</u>

To secure its FNFA loan and FNFA interim financing, the Nation has debt reserve funds held by FNFA in the event the Nation is unable to meet its payment requirements. The Nation expects to recover these funds as the loans are repaid. The Secured Revenues Trust Account ("SRTA") are also funds held in trust to cover borrowing requirements over the loan term and any excess will be paid back to the Nation.

In November 2022, The Nation placed \$130 million of its \$135 million settlement into a trust which is held for the Nation by the Bank of Montreal and administered by an investment advisor. The funds are held in various pooled mutual funds and have since yielded dividend and interest returns of \$3,867,984 to March 31, 2023, unrealized loss in market value of \$175,671 and both are recorded in other income. Advisor fees for the year ended March 31, 2023 were \$24,144 and recorded in contracted services.

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2023

4. Accounts receivable

	<u>2023</u>	<u>2022</u>
All other receivables	\$ 372,677	\$ 164,918
Allowance for doubtful accounts	(202,747)	(235,754)
Province of B.C.	1,580,925	517,348
Indigenous Services Canada	1,944,629	763,570
Natural Resources Canada	282,648	19,173
CMHC	-	12,000
FNESC	40,725	73,965
First Peoples' Heritage Language and Culture	1,889	1,889
First Nations Health Authority	8,400	8,400
First Nations Land Management Resource	90,000	90,000
New Relationship Trust	8,000	5,000
Atlantic Power LP	38,340	-
PWC LLP	-	582,485
Williams Lake Community Forest	791,700	-
CCATEC	22,949	8,677
GST recoverable	57,651	70,104
Northern Shuswap Treaty Society	108,504	108,477
Northern Shuswap Tribal Council	-	139,750
Mount Polley Mining Corporation	47,558	-
Tolko Forest Products	122,389	-
Rental and members	329,392	409,590
Cantex Okanagan Construction	17,325	17,325
Right to Play	28,500	-
Borland Creek Logging Ltd.	6,540	60,081
Chief William RV-Campsite Ltd.	1,176	2,092
Sugar Cane Development Corporation	19,342	41,441
Sugarcane Petroleum Products Corporation	4,408	7,771
Unity Cannabis LP	175,244	175,244
	<u>\$ 5,898,164</u>	<u>\$ 3,043,546</u>

5. Work in progress

	<u>2023</u>	<u>2022</u>
Member built homes	<u>\$ 867,502</u>	<u>\$ 179,954</u>

The Nation is currently building 5 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, 2023

6. Trust funds held by Canada

	<u>2023</u>	<u>2022</u>
Ottawa Trust Accounts	\$ 12,691	\$ 12,504

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.

7. Investment in Nation business enterprises

	<u>2023</u>	<u>2022</u>
Borland Creek Logging Ltd.	\$ 1,148,509	\$ 1,658,558
Coyote Rock LP	1,080,007	841,831
Sugar Cane Development Corporation	2,021,189	1,825,890
Sugarcane Petroleum Products Corporation	1,076,601	684,132
Chief William RV-Campsite Ltd.	40,951	47,136
Share capital of controlled corporations	18	18
Sugar Cane Community Diversity Association	-	(9,742)
Coyote Rock GP Ltd.	(8,789)	(7,139)
Unity Cannabis LP	528,443	177,414
Williams Lake Community Forest LP	28,747	150,556
Sugar Cane Cannabis LP	(837,394)	(220,445)
	5,078,282	5,148,209
Advances - Coyote Rock LP	(186,750)	24,450
Advances - Sugar Cane Development Corporation	323,370	366,059
Advances - Sugar Cane Cannabis LP	250,000	-
	<u>\$ 5,464,902</u>	<u>\$ 5,538,718</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, 2023

8. Tangible capital assets

	2023			2022
	Cost	Accumulated amortization	Net	Net
Land	\$ 5,181,146	\$ -	\$ 5,181,146	\$ 4,015,908
Buildings	54,833,354	10,492,097	44,341,257	42,210,638
Equipment	1,084,583	623,031	461,552	378,172
Vehicles	1,348,798	647,399	701,399	578,620
Fences	146,378	18,796	127,582	115,370
	<u>\$ 62,594,259</u>	<u>\$ 11,781,323</u>	<u>\$ 50,812,936</u>	<u>\$ 47,298,708</u>

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

	2023
Poplar glade property acquisition	\$ 1,094,500
Arbor improvements	339,469
New housing project in progress	1,021,874
Old road restoration	28,127
Water treatment building	167,328
Community Sweat Lodge	14,648
O&M Building	658,879
Osprey Nest building	891,301
Bus stop shelter - Quigli road	17,890
Coyote Creek Road infrastructure repairs/improvements	357,096
Other road infrastructure upgrades	22,004
Eagleview water main extension	63,552
Play structure	28,022
2022 Chevrolet Silverado	80,034
2022 Suburban	86,726
2022 Ford Explorer	71,491
2007 Dodge Ram 3500 Flat Deck	58,000
2019 Ford lease buyouts - 2 escapes, 1 explorer	38,742
Other automotive	12,754
Flagpoles, fencing and exterior fixtures	91,730
Server and computer equipment	57,786
Quigli office furnishings	17,257
	<u>\$ 5,219,210</u>

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2023

9. Accounts payable and accrued liabilities

	<u>2023</u>	<u>2022</u>
Trade payables and accrued liabilities	\$ 1,064,022	\$ 582,005
Payroll and withholding taxes	137,764	156,939
GST payable	5,100	51,557
Other accrued liabilities	24,000	24,000
Borland Creek Logging Ltd.	68,038	168,984
Sugar Cane Development Corporation	52,211	98,315
Sugarcane Petroleum Products Corporation	-	578
	<u>\$ 1,351,135</u>	<u>\$ 1,082,378</u>

10. Deferred revenue

	<u>2023</u>	<u>2022</u>
Rental lease	\$ 67,500	\$ 62,500
ISC - member housing revenues unspent	-	196,626
	<u>\$ 67,500</u>	<u>\$ 259,126</u>

The above mentioned lease payment was invoiced in March 2023, but is for the lease term of April 1, 2023 to March 31, 2024 and therefore is deferred to the subsequent fiscal year.

11. Bank indebtedness

	<u>2023</u>	<u>2022</u>
BMO - Demand loan bearing interest at prime plus 0.5% per annum (March 31, 2022 - 3.2%), repayable in monthly blended instalments of \$1,070	<u>\$ 214,539</u>	<u>\$ 220,146</u>
Estimated principal repayments are as follows:		
2024	\$ 10,495	
2025	10,836	
2026	11,187	
2027	11,551	
2028	11,926	
Subsequent years	<u>158,544</u>	
	<u>\$ 214,539</u>	

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 Sugarcane Petroleum Products Corporation.

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2023

12. Long-term debt

	<u>2023</u>	<u>2022</u>
FNFA - Demand loan bearing interest at their prime rate (March 31, 2021 - 2.7%) repayable in annual instalments tied to the Nation's B.C. First Nation Gaming Revenue Sharing Limited Partnership	\$ 5,092,622	\$ 5,262,456
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 \$36,240	47,651	65,519
BMO - Loan repayable in monthly blended instalments of \$2,074 bearing interest at bank prime plus 0.5% (March 31, 2023 - 7.2%), secured by a general security agreement as disclosed in Note 10	214,894	227,356
BMO - Loan repayable in monthly blended instalments of \$1,386 bearing interest at bank prime plus 0.5% (March 31, 2023 - 7.2%), secured by a general security agreement as disclosed in Note 10	241,807	244,753
BMO - Loan repayable in monthly blended instalments of \$1,386 bearing interest at bank prime plus 0.5% (March 31, 2023 - 7.2%), secured by a general security agreement as disclosed in Note 10	241,819	244,764
BMO - Loan repayable in monthly blended instalments of \$1,386 bearing interest at bank prime plus 0.5% (March 31, 2022 - 3.2%), secured by a general security agreement as disclosed in Note 10	240,193	244,792
BMO - Loan repayable in monthly blended instalments of \$1,386 bearing interest at bank prime plus 0.5% (March 31, 2022 - 3.2%), secured by a general security agreement as disclosed in Note 10	241,819	244,764
BMO - Loan repayable in monthly blended instalments of \$1,386 bearing interest at bank prime plus 0.5% (March 31, 2023 - 7.2%), secured by a general security agreement as disclosed in Note 10	241,819	244,764
BMO - Loan repayable in monthly blended instalments of \$360 bearing interest at bank prime plus 0.5% (March 31, 2023 - 7.2%), secured by a general security agreement as disclosed in Note 10	<u>534,518</u>	<u>63,560</u>
Carried forward	\$ 7,097,142	\$ 6,842,728

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2023

12. Long-term debt, continued

	<u>2023</u>	<u>2022</u>
Carried forward	\$ 7,097,142	\$ 6,842,728
BMO - Loan repayable in monthly blended instalments of \$360 bearing interest at bank prime plus 0.5% (March 31, 2023 - 7.2%), secured by a general security agreement as disclosed in Note 10	534,518	63,560
BMO - Conditional sales contract repayable in 60 monthly interest-free instalments of \$1,403, due April 2026, secured by a specific piece of equipment with a net carrying value of \$55,030	51,942	68,788
BMO - Loan repayable in monthly blended instalments of \$1,389 bearing interest at bank prime plus 0.5% (March 31, 2023 - 7.2%), secured by a general security agreement as disclosed in Note 10	242,156	245,556
FNFA Interim Financing with monthly interest-only payments at 6.0% per annum, secured by a general security agreement, convertible into a term debenture note upon the next debt issuance by FNFA	4,300,000	-
BMO - Loan repayable in monthly blended instalments of \$3,381 bearing interest at bank prime plus 0.5% (March 31, 2023 - 7.2%), secured by a general security agreement as disclosed in Note 10	423,900	-
BMO - Loan repayable in monthly blended instalments of \$1,386 bearing interest at bank prime plus 0.5% (March 31, 2023 - 7.2%), secured by a general security agreement as disclosed in Note 10	141,027	-
Conditional sales contract repayable in monthly instalments of \$1,479 plus interest at 6.67%, secured by a 2022 GMC suburban with a net carrying value of \$75,885, due December 2026	82,706	-
	<u>\$ 12,873,391</u>	<u>\$ 7,220,632</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.

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2023

12. Long-term debt, continued

Estimated principal repayments are as follows:

2024	\$ 300,042
2025	304,481
2026	303,065
2027	307,299
2028	246,889
Subsequent years	<u>11,411,615</u>
	<u>\$ 12,873,391</u>

13. Contributed surplus

	<u>2023</u>	<u>2022</u>
Nation construction contribution	\$ 522,430	\$ 522,430
Land	<u>379,500</u>	<u>379,500</u>
	<u>\$ 901,930</u>	<u>\$ 901,930</u>

14. Nation equity

	<u>2023</u>	<u>2022</u>
Operating and capital funds	\$ 189,444,869	\$ 48,869,999
Ottawa Trust Funds	12,691	12,504
Investment in Nation Business Enterprises	4,221,692	3,919,811
Treaty Self-Government Fund	103,475	99,477
Contributed surplus (Note 13)	<u>901,930</u>	<u>901,930</u>
	<u>\$ 194,684,657</u>	<u>\$ 53,803,721</u>

15. Other cash flow information

Non-cash financing and investing activities:

Tangible capital asset financed with long-term debt	<u>\$ 86,726</u>	<u>\$ 84,230</u>
Building transferred from Nation Business Entity	<u>\$ -</u>	<u>\$ 649,490</u>

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2023

16. Financial instruments

The Nation's financial instruments consist of cash and investments, 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.

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The WLFN Trust Funds are invested in pooled mutual funds and are subject to changes in market value. The Nation limits its exposure through use of an investment advisor who follows an investment strategy and uses diversification and targeted risk tolerances to limit the exposure of the invested funds to market risk to an acceptably low level.

(b) Credit risk

The Nation does have credit risk in accounts receivable of \$5,898,164 (2022 - \$3,043,546). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Nation reduces its exposure to credit risk by granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The Nation maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the Nation is low and is not material.

(c) Interest rate risk

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.

17. Reconciliation of ISC Funding Arrangement Revenue

	<u>2023</u>
ISC Funding Confirmation	<u>\$ 9,753,780</u>
ISC Revenue per Schedule 1	\$ 9,754,130
ISC Tutoring revenue 71658-Z7K0 2022	<u>(350)</u>
	<u><u>\$ 9,753,780</u></u>

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2023

18. 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 \$271,648 to the plan during the year ended March 31, 2023 (2022 - \$218,603) to match its employees' required contributions.

19. Settlement with Canada

On June 29, 2022, members of the Williams Lake First Nation voted in favour to ratify the proposed settlement with Canada. The settlement includes compensation in the amount of \$135 million and setup of the WLFN Community Trust. The Nation received \$135 million in November 2022 and \$130 million of the amount is held in trust by a trustee and managed by an investment advisor. The amount is invested as disclosed in Note 3. The remaining \$5 million was received by the Nation and a distribution to members was provided in the amount of \$3,152,438 as disclosed in Note 22.

20. 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, 2023, 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, 2023, the balances of the conditional financing agreements aggregated \$1,133,308.

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, 2023, the balances outstanding were \$319,702. 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 \$998,147. As at March 31, 2023, the balances outstanding were \$272,744.

WILLIAMS LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2023

21. 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 administrative operations of the Nation and those other functions cannot be directly attributed to another specific segment.

ECONOMIC DEVELOPMENT

This segment is related to the revenues and expenses of the economic activities of the Nation and further development efforts.

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 AND HOUSING

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, 2023

22. Expenses by object

	<u>2023</u>	<u>2022</u>
Wages and benefits	\$ 6,229,017	\$ 5,516,090
Materials and supplies	1,525,464	1,007,452
Contracted services	12,879,157	16,018,665
Rent, maintenance and utilities	1,570,574	1,798,550
Honoraria	227,546	168,779
Insurance	294,413	191,402
Education	1,410,306	1,334,211
Bank charges and interest	479,906	171,531
Travel	329,045	154,212
Social assistance	334,310	283,495
All other service delivery costs	944,971	512,124
Member distributions	<u>3,152,438</u>	<u>-</u>
	<u><u>\$ 29,377,147</u></u>	<u><u>\$ 27,156,511</u></u>

23. 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, 2023

	2023 Budget (unaudited)	2023 Actual	2022 Actual
ISC Operating	\$ 6,544,596	\$ 9,754,130	\$ 8,618,906
Northern Shuswap Treaty Society	434,014	434,014	434,014
CCATEC	84,824	95,254	133,022
Northern Shuswap Tribal Council	50,000	11,366	155,372
CMHC	-	15,000	618,293
Three Corners Health Services Society	315,115	316,504	295,824
Government of Canada	150,000	6,040,007	323,479
Province of British Columbia	1,439,434	4,445,085	4,319,632
Tolko Industries Ltd.	60,000	2,282,015	1,432,868
Rentals	565,320	780,376	541,842
All other	5,252,415	2,366,235	3,696,564
Mount Polley Gold Mines	2,035,000	2,035,851	2,280
Royalties	225,000	225,000	225,000
Service contracts	382,500	346,883	305,882
Daycare fees	60,000	63,951	67,862
Enbridge	50,000	100,000	151,000
BC Hydro	6,158	6,158	6,158
Northern Development Initiatives Trust	7,500	90,167	267,386
FNESC	227,696	331,970	306,963
Knucwentwecw Society	505,000	317,500	280,000
Donations and fundraising	84,000	111,527	62,618
Borland Creek Logging	41,000	238,326	48,549
Property taxes	33,556	33,556	28,303
Gibraltar Mine	-	170,000	135,000
New Relationship Trust	-	20,000	500
First Nations Health Authority	82,167	314,260	270,711
Insurance proceeds	20,000	24,919	40,775
First Peoples Cultural Council	-	-	30,113
Interest	45,000	323,394	34,156
Administration fees	-	414	13,364
Lake Excavating	136,000	399,536	266,125
Sugar Cane Development Corporation	65,000	138,971	140,814
Price Waterhouse Coopers	200,000	353,919	970,219
West Fraser Mills	12,000	203,472	788,403
Change in deferred revenue	-	196,626	(196,626)
Deloitte LLP ITF Canada - Drinking Water Settlement	-	500,000	-
	<u>\$ 19,113,295</u>	<u>\$ 33,086,386</u>	<u>\$ 24,815,371</u>

WILLIAMS LAKE FIRST NATION
CONSOLIDATED SCHEDULE OF EXPENDITURES
For the year ended March 31, 2023

	2023 Budget (unaudited)	2023 Actual	2022 Actual
Administration	\$ 9,453,849	\$ 11,446,884	\$ 9,047,530
Economic development	4,072,924	1,982,341	1,894,811
Education	3,128,602	2,848,411	2,743,012
Natural resources	3,253,436	4,834,907	4,739,748
Public works and housing	4,196,302	6,140,593	6,935,757
Recreation	262,221	281,755	222,975
Social development	1,449,175	1,455,642	1,173,113
Treaty	488,481	386,614	399,565
	<u>\$ 26,304,990</u>	<u>\$ 29,377,147</u>	<u>\$ 27,156,511</u>

Williams Lake First Nation
Statement of Operations by Reporting Segment
Year Ended March 31, 2023

Schedule 3

	Administration	Economic Development	Natural Resources	Public Works	Education	Social Development	Recreation	Treaty Negotiation	Capital Projects	Ottawa Trust Funds	Band-Owned Enterprises	Totals
Revenue												
ISC	\$ 4,772,707	\$ 324,056	\$ -	\$ 1,891,980	\$ 2,121,976	\$ 819,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,930,239
Other	148,723,447	1,650,680	8,776,794	2,216,006	956,433	925,007	101,518	434,014	(486,416)	2,468	51,881	163,351,832
Total	153,496,154	1,974,736	8,776,794	4,107,986	3,078,409	1,744,527	101,518	434,014	(486,416)	2,468	51,881	173,282,071
Expenses	13,009,642	2,379,361	5,404,881	4,766,377	3,163,137	1,546,576	288,205	430,015	1,704,981	-	-	32,693,175
Net revenue for the year	140,486,512	(404,625)	3,371,913	(658,391)	(84,728)	197,951	(186,687)	3,999	(2,191,397)	2,468	51,881	140,588,896
Transfers	(2,825,578)	2,447,281	(1,908,490)	1,751,273	13,000	66,287	134,999	-	536,786	(2,281)	250,000	463,277
Surplus recovery	-	3,717	-	-	-	-	-	-	-	-	-	3,717
Change in deferred revenue	-	-	-	(174,954)	-	-	-	-	-	-	-	(174,954)
Surplus (deficit), Beginning	3,380,343	1,478,361	3,217,478	(30,836)	1,271,177	732,946	148,095	99,477	38,672,435	12,504	3,919,811	52,901,791
Surplus (Deficit), ending	\$ 141,041,277	\$ 3,524,734	\$ 4,680,901	\$ 887,092	\$ 1,199,449	\$ 997,184	\$ 96,407	\$ 103,476	\$ 37,017,824	\$ 12,691	\$ 4,221,692	\$ 193,782,727