

Consolidated Financial Statements of

WET'SUWET'EN FIRST NATION

And Independent Auditors' Report thereon

Year ended March 31, 2019

WET'SUWET'EN FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Wet'suwet'en First Nation (the "Nation") and all the information in the consolidated financial statements are the responsibility of management and have been approved by the Chief and Council of the Nation.

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.

The 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 the Nation's assets are appropriately accounted for and adequately safeguarded.

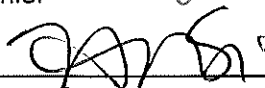
The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review the Nation's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the 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 the external auditors' report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. KPMG LLP have full access to the Chief and Council.



Chief



Councilor

WET'SUWET'EN FIRST NATION

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INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Members of Wet'suwet'en First Nation

Qualified Opinion

We have audited the consolidated financial statements of Wet'suwet'en First Nation (the Nation), which comprise:

- the consolidated statement of financial position as at March 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial liabilities for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2019 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 Qualified Opinion

The Wet'suwet'en First Nation was unable to provide an inventories tangible capital asset listing at historical cost. We were unable to verify the completeness of the valuation of tangible capital assets included in management's consolidated financial statements. We were also unable to restate the prior period assets and surplus to reflect the standards required by PS 3150 - Tangible Capital Assets of the Chartered Professional Accountants of Canada Handbook (see note 1(c) to the consolidated financial statements).

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the 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 qualified opinion.



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

Management is responsible for the preparation and fair presentation of the 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 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 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 Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 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.



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- 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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Prince George, Canada

February 6, 2020

WET'SUWET'EN FIRST NATION

Consolidated Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Financial assets:		
Cash	\$ 1,731,524	\$ 14,038
Restricted cash (note 2)	401,688	398,550
Short-term deposits (note 3)	3,648	3,631
Accounts receivable (note 4)	292,207	138,649
Inventories	3,610	3,610
Deposits (note 5)	108,747	175,482
Ottawa Trust funds (note 6)	49,513	47,837
Investment in government business enterprise (note 7)	527,861	771,504
Long-term investments (note 8)	2	2
	3,118,800	1,553,303
Financial liabilities:		
Replacement reserves (note 9)	170,814	149,559
Accounts payable and accrued liabilities (note 10)	376,790	193,945
Deferred revenue (note 11)	213,142	-
Long-term debt (note 12)	4,577,763	4,712,512
	5,338,509	5,056,016
Net financial liabilities	(2,219,709)	(3,502,713)
Non-financial assets:		
Tangible capital assets (note 13)	7,995,469	8,356,491
Prepaid expenses	17,578	13,748
	8,013,047	8,370,239
Accumulated surplus	\$ 5,793,338	\$ 4,867,526
Represented by:		
Equity in trust funds	\$ 49,513	\$ 47,837
Equity in business enterprises	73,206	316,848
Unrestricted surplus	1,258,354	686,773
Surplus on account of tangible capital assets	5,751,143	5,154,946
Deficit on account of treaty negotiations	(1,338,878)	(1,338,878)
	\$ 5,793,338	\$ 4,867,526

Economic dependence (note 14)

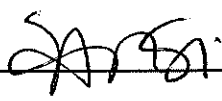
Contingency (note 15)

See accompanying notes to consolidated financial statements.

On behalf of the Nation:



Councillor



Councillor

WET'SUWET'EN FIRST NATION

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2019, with comparative information for 2018

	2019 Budget	2019 Actual	2018 Actual
Revenue:			
Indigenous Services Canada	\$ 413,339	\$ 688,929	\$ 716,476
Band generated	127,618	227,017	180,517
Canada Mortgage and Housing Corporation	33,135	44,835	33,135
Carrier Sekani Family Services	195,477	368,212	225,029
Coastal Gaslink Pipelines	-	1,132,000	13,000
Health Canada	88,763	126,475	84,608
Other (note 16)	49,410	139,038	143,486
Other aboriginal groups	36,268	58,522	64,136
Burns Lake Community Forest Limited	412,055	1,029,200	80,280
Province of British Columbia	28,096	135,861	392,012
	1,384,161	3,950,089	1,932,679
General and administrative expenses:			
Amortization	-	412,903	374,395
Bad debts	-	66,790	-
Consulting fees	10,522	82,880	100,694
Election	10,000	851	-
Honoraria	64,519	67,181	71,304
Insurance	32,484	59,735	66,610
Interest on long-term debt	38,175	126,274	122,532
Office and general	76,215	168,183	91,740
Professional fees	86,112	317,954	127,803
Program costs	70,211	182,894	133,701
Repairs and maintenance	12,110	39,491	23,435
Replacement reserve	10,000	15,964	10,000
Salaries and benefits	470,612	608,157	613,447
Social assistance	81,764	117,994	111,029
Stumpage reimbursement	-	107,240	-
Telephone and utilities	70,374	123,733	143,480
Training and workshops	4,773	45,638	17,348
Travel	53,981	137,836	106,059
Tuition and student fees	80,976	97,224	37,848
	1,172,828	2,778,922	2,151,425
Annual surplus (deficit) before the undernoted	211,333	1,171,167	(218,746)
Other revenue (expense):			
Funding repayments	-	(3,389)	(17,496)
Interest earned on Ottawa Trust Funds	-	1,676	1,603
Equity in (loss) income of government business partnership (note 7)	-	(243,642)	28,283
	-	(245,355)	12,390
Annual surplus (deficit)	211,333	925,812	(206,356)
Accumulated surplus, beginning of year	4,867,526	4,867,526	5,073,882
Accumulated surplus, end of year	\$ 5,078,859	\$ 5,793,338	\$ 4,867,526

See accompanying notes to consolidated financial statements.

WET'SUWET'EN FIRST NATION

Consolidated Statement of Changes in Net Financial Liabilities

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Annual surplus (deficit)	\$ 925,812	\$ (206,356)
Acquisition of tangible capital assets	(51,881)	-
Amortization	412,903	374,395
	1,286,834	168,039
Use of prepaid expenses	13,748	1,336
Acquisition of prepaid expenses	(17,578)	(13,748)
Increase in net financial liabilities	1,283,004	155,627
Net financial liabilities, beginning of year	(3,502,713)	(3,658,340)
	\$ (2,219,709)	\$ (3,502,713)

See accompanying notes to consolidated financial statements.

WET'SUWET'EN FIRST NATION

Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Cash generated from operations:		
Annual surplus (deficit)	\$ 925,812	\$ (206,356)
Items not involving cash:		
Amortization of tangible capital assets	412,903	374,395
Equity in loss (income) in government business partnership	243,642	(28,283)
	1,582,357	139,756
Change in non-cash operating working capital:		
Accounts receivable	(153,558)	5,085
Deposits	66,735	(102,927)
Prepaid expenses	(3,830)	(12,412)
Accounts payable and accrued liabilities	182,846	25,087
Deferred revenue	213,142	-
	1,887,692	54,589
Financing:		
Repayment of long-term debt	(134,749)	(131,790)
Replacement reserves	21,255	10,502
	(113,494)	(121,288)
Investing:		
Advances to government business partnership	-	2,845
Acquisition of tangible capital assets	(51,881)	-
Increase in funds held in Ottawa trust	(1,676)	(1,602)
	(53,557)	1,243
Increase (decrease) in cash and cash equivalents	1,720,641	(65,456)
Cash and cash equivalents, beginning of year	416,219	481,675
Cash and cash equivalents, end of year	\$ 2,136,860	\$ 416,219
Cash and cash equivalents consists of:		
Cash	\$ 1,731,524	\$ 14,038
Restricted cash	401,688	398,550
Short-term deposits	3,648	3,631
	\$ 2,136,860	\$ 416,219

See accompanying notes to consolidated financial statements.

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

Nature of operations:

Wet'suwet'en First Nation (the "Nation") provides local government, education and social development services to its members and was established under the Indian Act (Canada).

1. Basis of presentation and significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements include the assets, liabilities, and results of operations of the the Nation subject to control by Chief and Council. No inclusion has been made of assets, liabilities, revenue or expenditures of Nation members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility Chief and Council.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government, as established by the Public Sector Accounting Board ("PSAB"). The Nation's significant accounting policies are as follows:

(i) Fund Accounting:

The 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 operations of each fund are set out in separate schedules. The Nation maintains the following funds:

- The Operating fund, which reports the general activities of the Nation administration through a variety of programs.
- The Ottawa Trust fund, which reports on trust funds owned by the Nation and held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.
- The Canada Mortgage and Housing Corporation ("CMHC") Social Housing fund, which reports the CMHC funded social housing operations of the Nation.

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Basis of presentation and significant accounting policies (continued):

(a) Basis of presentation (continued):

(ii) Reporting entity and principles of consolidation:

The Nation's reporting entity includes the Wet'suwet'en First Nation government and all related entities which are accountable to and either owned or controlled by the Nation.

Government Business Partnerships ("GBP's") which are controlled or jointly controlled by the Nation, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the GBP's accounting policies are not adjusted to conform with those of the Nation and inter-organizational transactions and balances are not eliminated. The Nation recognizes its equity interest in the annual earnings or loss of the GBP's in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the Nation may receive from the GBP's will be reflected as deductions in the investment asset account.

Other Government Organizations ("OGO"), which are controlled by the Nation, are included in the consolidated financial statements using the consolidation method. Under the consolidation method, the assets, the liabilities, revenue and expenses of the OGO's have been consolidated and all inter-entity balances have been eliminated on consolidation. However, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

The Nation's GBP's consist of the following:

- Yinka Dene Economic Development Limited Partnership

The Nation's OGO's consists of:

- 639881 B.C. Ltd.

(b) Inventories:

Inventories are recorded at the lower of cost and net realizable value.

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Basis of presentation and significant accounting policies (continued):

(c) Tangible capital assets:

Tangible capital asset expenditures incurred after March 31, 1996 are valued at the acquisition cost and recorded as tangible capital assets, expenditures incurred previous to April 1, 1996 are reflected in the Capital Fund at nominal cost of \$100 each for equipment and at original cost for building and housing units.

Housing, under the CMHC program, is charged amortization equal to the principal reduction of long-term debt, which approximates over the useful life of the assets, as required for the CMHC reporting process.

Tangible capital assets are amortized using the declining-balance method and annual rates set out below:

Asset	Rate
Automotive equipment	20%
Community buildings	4%
Community infrastructure	4%
Office equipment	30%

Assets that no longer contribute to the ability of the Nation to provide services are written down to residual value.

Commencing with fiscal years beginning January 1, 2009, the Chartered Professional Accountants of Canada ("CPA") required the adoption of Public Sector Accounting Handbook, Section 3150 "Tangible Capital Assets", which establishes standards on how to account for and report tangible capital assets. This section requires the Nation to report its tangible capital assets at cost with cost amortized over the expected life of the asset.

As at March 31, 2019, the Nation has not implemented the standard and the impact of adopting this standard is not yet known or reasonable to estimate. The initial adoption of these standards could result in a reduction of the carrying value of the tangible capital assets along with a corresponding reduction in the equity in tangible capital assets as previously reported.

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Basis of presentation and significant accounting policies (continued):

(d) Revenue recognition:

Government transfers and grant revenue are recognized as the Nation becomes entitled to the funding under the terms of applicable funding agreements and are recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Other revenue, including interest, rent and own source are recognized in the period the services are provided and the related proceeds are received or receivable.

(e) Funding recoveries and reimbursements:

Funding received from government sources in the form of conditional transfer payments are subject to recovery, by the Crown, of unexpended balances or unallowable expenses. The Crown may also reimburse over expenditures upon determining adherence to the terms and conditions of payment for a specific purpose. Recoveries and reimbursements are accounted for when they are paid or payable or received or receivable.

(f) 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. Items subject to such estimates and assumptions include the carrying amounts of accounts receivable, inventories and tangible capital assets. Actual results could differ from those estimates.

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Basis of presentation and significant accounting policies (continued):

(g) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (a) an environmental standard exists,
- (b) contamination exceeds the environmental standard,
- (c) the Nation is directly responsible or accepts responsibility for the liability;
- (d) future economic benefits will be given up, and
- (e) a reasonable estimate of the liability can be made.

(h) Investments:

The Nation accounts for its investments using the cost method, except that when the investment is quoted in an active market, the investment is accounted for at its quoted amount, with changes recorded in annual surplus.

2. Restricted cash:

	2019	2018
Cash held for housing activities	\$ 229,376	\$ 228,285
Deposit - First Nations Finance Authority	172,312	170,265
	<u>\$ 401,688</u>	<u>\$ 398,550</u>

3. Short-term deposits:

	2019	2018
Guaranteed investment certificate, including interest at 0.60%, maturing September 17, 2019	\$ 3,648	\$ 3,631

The guaranteed investment certificate is held in trust for Canfor Forest Products.

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

4. Accounts receivable:

	2019	2018
BC Hydro	\$ 14,000	\$ -
Carrier Sekani Family Services	132,128	-
Canadian Mortgage and Housing Corporation	25,343	16,568
First Nations Education Steering Committee	5,775	7,234
First Nations Heritage, Language	-	3,500
First Nations LNG Alliance	20,314	-
Government of Canada	391	848
Grant Writing Support Program	8,000	-
Indigenous Services Canada	-	29,436
New Relationship Trust	6,300	1,800
Northern Health	2,500	-
Other	22,440	4,270
PG Nechako Aboriginal Employment and Training Association	27,984	12,069
Rent and user fees	175,619	139,183
Sales tax receivable	7,166	12,704
	447,960	227,612
Allowance for doubtful accounts	(155,753)	(88,963)
	\$ 292,207	\$ 138,649

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

5. Deposits:

	2019	2018
Secured revenue trust account no. 1	\$ 108,747	\$ 175,482

The secured revenue trust accounts listed above are held with First Nations Finance Authority ("FNFA"). These accounts set up with FNFA are used to make the Nation's payments on the loans held with FNFA. As at March 31, 2019, the balances reflected above were residual funds remaining in the accounts to be used for future payments.

6. Ottawa Trust funds:

Indigenous Services Canada holds funds in trust for the Nation. These funds are designated as revenue or capital funds as required by the Indian Act. The Nation is permitted to expend its revenue fund for any purpose that will promote the general progress and welfare of the Nation and its members. The expenditure of capital funds must be for projects of a capital nature and require the consent of the Minister of Indigenous Services Canada.

	Capital	Revenue	2019	2018
Opening balance	\$ 18,507	\$ 29,330	\$ 47,837	\$ 46,235
Interest	-	1,676	1,676	1,602
	\$ 18,507	\$ 31,006	\$ 49,513	\$ 47,837

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

7. Investment in government business enterprise:

The Nation has an investment in Yinka Dene Economic Development Limited Partnership (the "Partnership") which began its operations as of April 1, 2013.

The Nation owns 99.9% of the partnership units of the Partnership. The advances below are unsecured, non-interest bearing with no specific terms of repayment.

	2019	2018
Advances	\$ 454,655	\$ 454,656
Accumulated equity in investment	73,206	316,848
	\$ 527,861	\$ 771,504

Financial information for the Partnership is summarized as follows:

	2019	2018
Balance sheet information:		
Assets	\$ 779,734	\$ 861,110
Liabilities	251,819	89,580
Results of operations:		
Revenues	\$ 1,325,498	\$ 1,457,149
Expenses	1,569,140	1,620,457
Adjustment to net income	-	191,591
Net (loss) income	(243,642)	(163,308)

8. Long-term investments:

	2019	2018
Partnership units in FN (PTP) Group Limited Partnership		
(1,014) units	\$ 1	\$ 1
FN (PTP) General Partner Inc.	1	1
	\$ 2	\$ 2

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

9. Replacement reserves:

Under the terms of agreement with CMHC, the Nation is required to make annual deposits of at least \$10,000 to a separate replacement reserve account to cover the cost of replacing certain capital items contained in the rental housing projects financed by CMHC. The use of these funds is subject to approval by CMHC. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may be otherwise approved by CMHC.

Under agreements with CMHC, the Nation may also establish an operating reserve to fund the ongoing operating costs of the rental housing projects financed by CMHC. Required contributions to the operating reserve are equal to the amount by which revenues for the year from the CMHC rental housing project exceed all costs and expenditures incurred during the year related to the CMHC rental housing project.

	Replacement		Operating		2019	2018
Balance, beginning of year	\$	131,677	\$	17,882	\$ 149,559	\$ 139,055
Allocation for the year		10,000		16,812	26,812	10,000
Interest earned		456		635	1,091	504
Expenditures for the year		(6,648)		-	(6,648)	-
	\$	135,485	\$	35,329	\$ 170,814	\$ 149,559

10. Accounts payable and accrued liabilities:

	2019	2018
Government remittances	\$ 18,834	\$ 6,602
Other	2,772	372
Payroll accruals	58,477	53,085
Trade payables and accrued liabilities	296,707	133,886
	\$ 376,790	\$ 193,945

11. Deferred revenue:

Deferred revenue represents funds received from Indigenous Services Canada for lagoon replacement in the amount of \$213,142 (2018 - \$nil).

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

12. Long-term debt:

	2019	2018
Canadian Imperial Bank of Commerce, demand loan, repaid in the year.	\$ -	\$ 33,280
Treaty negotiation's promissory notes are repayable to the Carrier Sekani Tribal Council at the earlier of:		
(a) the date that the loan becomes repayable by the Carrier Sekani Tribal Council and Canada;		
(b) the year 2021		
(c) the seventh anniversary of the date of the signing of an Agreement-In-Principle by the Carrier Sekani Tribal Council;		
(d) the date on which the First Nation Loan Agreement between the Carrier Sekani Tribal Council and Canada is terminated;		
(e) the date on which the Carrier Sekani Tribal Council becomes insolvent or commits an act of bankruptcy; or		
(f) the date on which the Tribal Council winds up.		
The promissory notes are unsecured and the interest rate will be determined on the due date	1,340,702	1,340,702
CMHC loan, repayable at \$1,522 monthly, including interest at 1.82%, maturing in the year 2024, secured by mortgage on residential buildings situated on reserve land and a ministerial guarantee from the Minister of Indigenous Services Canada.	94,155	110,550
CMHC loan, repayable at \$1,659 monthly, including interest at 1.92%, maturing in the year 2029, secured by mortgage on residential buildings situated on reserve land and a ministerial guarantee from the Minister of Indigenous Services Canada.	178,346	194,675
Carried forward	1,613,203	1,679,207

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

12. Long-term debt (continued):

	2019	2018
Carried forward	1,613,203	1,679,207
First Nations Finance Authority promissory note, repayable in semi-annual payments of \$7,250 on December 26 and \$ 17,760 on June 26, including interest at 2.90%, maturing June 26, 2024.	470,303	481,372
First Nations Finance Authority loan, repayable at \$10,402 monthly, including interest at 3.79%, maturing July 2024.	2,035,355	2,081,630
First Nations Finance Authority loan, repayable at \$2,120 monthly, including interest at 2.99%, maturing June 2024.	458,902	470,303
	\$ 4,577,763	\$ 4,712,512

The above FNHA loans are secured as disclosed in note 5.

Regular principal repayments required on all long-term debt for the next five years and thereafter are due as follows:

2020	\$ 94,279
2021	94,908
2022	95,548
2023	96,200
2024	96,865
Thereafter	4,099,963
	\$ 4,577,763

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

13. Tangible capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Automotive equipment	\$ 354,902	\$ 334,270	\$ 20,632	\$ 29,475
Community buildings	9,082,774	2,359,146	6,723,628	7,070,194
Community infrastructure	1,829,393	659,754	1,169,638	1,218,374
Office equipment	346,894	267,423	79,471	38,448
Work in progress	2,100	-	2,100	-
	\$ 11,616,063	\$ 3,620,594	\$ 7,995,469	\$ 8,356,491

Work in progress having a value of \$2,100 has not been amortized. Amortization of these assets will commence when the asset is put into service.

14. Economic dependence:

The Nation receives a major portion of its revenue pursuant to a funding agreement with Indigenous and Services Canada. Any disruption in this funding could have a negative effect on Nation operations.

15. Contingency:

- i. In 2005, the Nation transferred the management of its non-replaceable forest license ("NRFL") to a third party. Under this arrangement, it was negotiated that the third party would be responsible for the silviculture obligations associated with the NRFL. As at March 31, 2019, the responsibility for the silviculture obligations associated with the Nation's NRFL is being disputed between the Nation and the third party. Therefore, there is a potential liability for the Nation although the potential amount of the liability is undeterminable as of March 31, 2019.
- ii. Subsequent to year end, there was one additional claim outstanding and management has determined the outcome to be undeterminable and thus no accrual has been recorded. It is considered that this potential claim would not materially affect the Nation's financial statements and any amounts ultimately settled with be recorded in the period in which the claim is resolved.

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

16. Other revenue:

	2019	2018
Ministry of Transportation	\$ -	\$ 30,000
Miscellaneous	59,408	31,246
Northern Health Authority	30,000	30,000
PGNAETA	49,630	52,240
	\$ 139,038	\$ 143,486

17. Segment disclosure:

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function and department. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies in note 1. The segments and services provided are as follows::

- (a) Administration provides the function of corporate administration, finance, human resources and any other legal function not categorized to a specific department.
- (b) Education and training is responsible for administering and facilitating educational programs, post secondary education support and the operations of various other community education programs.
- (c) Social assistance offers a broad range of services to the Nation's members including adult in-home care, children out of parental home allowance, basic and special needs assistance as well as others.
- (d) Health is responsible for improving and maintaining health, lifestyle and wellness in the Nation.
- (e) Capital provides the function of maintaining community buildings, infrastructure and lands.
- (f) Housing includes revenues and expenses related to rental housing units owned or managed on behalf of others.
- (g) Economic development provides costs and services related to the maintenance and development of the Nation.
- (h) Natural resources includes revenues and expenses related to natural resource contracts signed for the development of additional employment opportunities for the members of the Nation. This program is responsible for capitalizing on the local natural resource projects that have arisen on the Nation's lands.

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

17. Segmented disclosure (continued):

2019										
	Administration	Education and training	Social assistance	Health	Capital	Housing	Economic development	Natural resources	Total	
Revenue:										
Indigenous Service Canada	\$ 233,213	\$ 143,748	\$ 185,900	\$ 2,081	\$ 111,342	\$ -	\$ 12,645	\$ -	\$ 688,929	
Band generated	109,208	8,321	-	2,600	19,080	65,808	-	22,000	227,017	
CMHC	11,700	-	-	-	-	33,135	-	-	44,835	
Carrier Sekani Family Services	-	4,500	-	363,712	-	-	-	-	368,212	
Coastal Gaslink Pipelines	-	7,000	-	-	-	-	-	1,125,000	1,132,000	
Health Canada	-	110,129	-	16,346	-	-	-	-	126,475	
Other	8,433	114,625	-	6,980	-	-	8,000	1,000	139,038	
Other aboriginal groups	-	33,522	-	-	-	-	-	25,000	58,522	
Burns Lake Community Forest Limited	-	-	-	-	-	-	-	1,029,200	1,029,200	
Province of British Columbia	106,759	14,102	-	-	-	-	-	15,000	135,861	
Total revenue	469,313	435,947	185,900	391,719	130,422	98,943	20,645	2,217,200	3,950,089	

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

17. Segmented disclosure (continued):

	2019								
	Administration	Education and training	Social assistance	Health	Capital	Housing	Economic development	Natural resource	Total
Expenses:									
Amortization	380,179	-	-	-	-	32,724	-	-	412,903
Bad debts	6,336	-	-	-	-	60,454	-	-	66,790
Consulting fees	15,373	-	-	-	66,382	-	1,125	-	82,880
Election	851	-	-	-	-	-	-	-	851
Honoraria	62,817	2,614	-	-	-	-	100	1,650	67,181
Insurance	35,280	1,200	-	3,211	12,450	7,594	-	-	59,735
Interest on long-term debt	-	-	-	-	120,371	5,903	-	-	126,274
Office and general	57,610	34,745	3,178	6,273	64,178	176	-	2,023	168,183
Professional fees	154,878	12,284	-	-	20,780	-	36,778	93,234	317,954
Program costs	69,364	41,462	31,522	35,947	134	-	4,465	-	182,894
Repairs and maintenance	156	7,046	-	-	16,319	15,822	-	148	39,491
Replacement reserve	-	-	-	-	-	15,964	-	-	15,964
Salaries and benefits	233,375	134,566	25,770	99,462	35,661	-	18,988	60,335	608,157
Social assistance	-	-	117,994	-	-	-	-	-	117,994
Stumpage reimbursement	107,240	-	-	-	-	-	-	-	107,240
Telephone and utilities	40,418	11,841	325	15,121	56,028	-	-	-	123,733
Training and workshop	4,313	7,285	-	33,734	-	-	-	306	45,638
Travel	13,221	17,051	80	54,167	14,006	1,631	100	37,580	137,836
Tuition and student fees	-	97,224	-	-	-	-	-	-	97,224
Total expenses	1,181,411	367,318	178,869	247,915	406,309	140,268	61,556	195,276	2,778,922
Revenue over expenditures	(712,098)	68,629	7,031	143,804	(275,887)	(41,325)	(40,911)	2,021,924	1,171,167
Surplus (deficit) before other revenue and expenses	\$ (712,098)	\$ 68,629	\$ 7,031	\$ 143,804	\$ (275,887)	\$ (41,325)	\$ (40,911)	\$ 2,021,924	\$ 1,171,167

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

17. Segmented disclosure (continued):

2018									
	Administration	Education and training	Social assistance	Health	Capital	Housing	Economic development	Natural resources	Total
Revenue:									
Indigenous Service Canada	\$ 218,633	\$ 109,902	\$ 144,130	\$ 2,820	\$ 240,991	\$ -	\$ -	\$ -	716,476
Band generated	53,750	16,882	-	-	42,077	65,808	-	2,000	180,517
CMHC	-	-	-	-	-	33,135	-	-	33,135
Carrier Sekani Family Services	-	4,500	-	220,529	-	-	-	-	225,029
Coastal Gaslink Pipelines	-	3,000	-	-	-	-	-	10,000	13,000
Health Canada	-	78,262	-	6,346	-	-	-	-	84,608
Other	8,126	95,726	-	8,500	375	-	639	30,120	143,486
Other aboriginal groups	(40)	64,176	-	-	-	-	-	-	64,136
Burns Lake Community Forest Limited	-	-	-	-	-	-	-	80,280	80,280
Province of British Columbia	255,420	26,592	-	-	-	-	100,000	10,000	392,012
Total revenue	535,889	399,040	144,130	238,195	283,443	98,943	100,639	132,400	1,932,679

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

17. Segmented disclosure (continued):

	2018								
	Administration	Education and training	Social assistance	Health	Capital	Housing	Economic development	Natural resource	Total
Expenses:									
Amortization	342,274	-	-	-	-	32,121	-	-	374,395
Consulting fees	-	-	-	-	100,694	-	-	-	100,694
Honoraria	69,048	1,700	-	-	-	-	-	556	71,304
Insurance	34,889	2,000	-	4,225	16,136	9,360	-	-	66,610
Interest on long-term debt	-	-	-	-	116,478	6,054	-	-	122,532
Office and general	50,201	32,498	-	3,544	6,485	-	(2,025)	1,037	91,740
Professional fees	84,998	1,000	-	-	-	-	6,101	35,704	127,803
Program costs	44,638	26,999	31,216	27,619	258	-	-	2,971	133,701
Repairs and maintenance	1,323	376	-	-	9,675	12,061	-	-	23,435
Replacement reserve	-	-	-	-	-	10,000	-	-	10,000
Salaries and benefits	228,072	155,153	29,399	89,662	31,105	-	4,978	75,078	613,447
Social assistance	-	-	111,029	-	-	-	-	-	111,029
Telephone and utilities	14,727	10,270	275	18,482	99,726	-	-	-	143,480
Training and workshop	2,106	3,090	-	11,098	-	929	-	125	17,348
Travel	26,559	17,787	560	49,839	4,217	(2,573)	-	9,670	106,059
Tuition and student fees	-	37,848	-	-	-	-	-	-	37,848
Total expenses	898,835	288,721	172,479	204,469	384,774	67,952	9,054	125,141	2,151,425
Revenue over expenditures	(362,946)	110,319	(28,349)	33,726	(101,331)	30,991	91,585	7,259	(218,746)
Surplus (deficit) before other revenue and expenses	\$ (362,946)	\$ 110,319	\$ (28,349)	\$ 33,726	\$ (101,331)	\$ 30,991	\$ 91,585	\$ 7,259	\$ (218,746)

WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

18. Comparative information:

Certain comparative information has been reclassified to conform to the current year's financial statement presentation. The changes do not affect prior year surplus.

19. Subsequent event:

Subsequent to the year end, Carrier Sekani Tribal Council provided a letter to Wet'suwet'en First Nation written by the Minister of Crown-Indigenous Relations. The letter stated that pending parliamentary approvals the comprehensive land claim negotiation loan debt will be forgiven.