

WET'SUWET'EN FIRST NATION

FINANCIAL STATEMENTS

MARCH 31, 2020

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WET'SUWET'EN FIRST NATION
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
YEAR ENDED MARCH 31, 2020

The accompanying financial statements of the Wet'suwet'en First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards which includes certain amounts based on judgments and estimates. Management has chosen the most appropriate method to determine the judgments/estimates to ensure the financial statements are presented fairly, in all material respects.

The Wet'suwet'en 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 Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council meets regularly with management and is available to meet with the external auditor to satisfy themselves that each party is properly discharging their responsibilities. The Council also considers the engagement of the external auditor.

The financial statements have been audited by Carlyle Shepherd & Co., Chartered Professional Accountants, in accordance with generally accepted auditing standards on behalf of the members. Carlyle Shepherd & Co. have full and free access to the Council.



Chief



Nation Administrator

INDEPENDENT AUDITOR'S REPORT

TO CHIEF AND COUNCIL - WET'SUWET'EN FIRST NATION

Opinion

We have audited the financial statements of Wet'suwet'en First Nation, which comprise the statement of financial position as at March 31, 2020 and the statements of financial activities, cash flows and changes in net financial assets (liabilities) for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In accordance with the CICA handbook, section PS-3150, First Nation organizations are required to compile a comprehensive listing of all property and equipment owned by the organization. This has not been completed. The impact of this on the statement of financial position only affects property and equipment values and equity in property and equipment. The operating surplus is not impacted by this omission.

In our opinion, except as noted in the preceding paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2020 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 opinion.

Auditor's Responsibility 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 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 financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit.

Responsibilities of Management and Council for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free of 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 conditions exist that do not allow for the going concern basis to be used.

Council is responsible for overseeing the Nation's financial reporting process.

Other Matter

The financial statements for the Nation for the year ended March 31, 2019 were audited by another auditor who expressed an unqualified audit opinion on January 6, 2020.


Prince Rupert, BC
October 30 2020

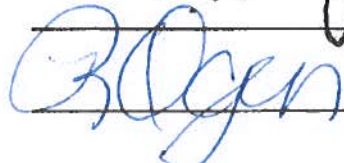
Carlyle Shepherd: Co.

WET'SUWET'EN FIRST NATION
STATEMENT OF FINANCIAL POSITION
MARCH 31

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	2,951,810	2,073,295
Accounts receivable (note 3)	516,407	292,207
Inventory (note 1)	3,610	3,610
Ottawa Trust funds (note 4)	50,891	49,513
	<u>3,522,718</u>	<u>2,418,625</u>
LIABILITIES		
Accounts payable and accruals (note 5)	380,701	376,790
Replacement and operating reserves (note 14)	115,189	170,814
Deferred revenue	-	213,142
Long-term debt (note 9)	2,948,438	4,405,451
	<u>3,444,328</u>	<u>5,166,197</u>
NET FINANCIAL ASSETS (LIABILITIES)	<u>78,390</u>	<u>-2,747,572</u>
NON-FINANCIAL ASSETS		
Property and equipment (notes 1 and 8)	7,656,320	7,995,469
Investments (note 1 and 7)	1,359,084	527,863
Prepaid expenses (note 6)	175,428	17,578
	<u>9,190,832</u>	<u>8,540,910</u>
	<u>9,269,222</u>	<u>5,793,338</u>
NATION POSITION		
Surplus (note 10)	4,510,448	813,105
Equity in property and equipment (note 11)	4,707,883	4,930,720
Ottawa Trust funds (note 4)	50,891	49,513
	<u>9,269,222</u>	<u>5,793,338</u>

APPROVED ON BEHALF OF COUNCIL


 _____ Chief Councillor


 _____ Nation Administrator

WET'SUWET'EN FIRST NATION
STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Unaudited Budget	2020	2019
	\$	\$	\$
REVENUE			
ISC	1,425,095	1,970,975	688,929
Government of Canada	-	1,338,878	-
Carrier Sekani Family Services	-	277,456	368,212
CMHC	-	33,044	44,835
First Nations Health Authority	78,262	112,246	126,475
Northern Health Authority	30,000	35,000	30,000
Other and resources	271,939	2,085,287	2,194,494
Ottawa Trust funds	-	1,378	1,676
PGNAETA	58,380	46,622	49,630
Province of BC	82,546	1,083,051	135,861
Rent	-	129,834	54,560
Sales	-	13,698	10,062
	<u>1,946,222</u>	<u>7,127,469</u>	<u>3,704,734</u>
EXPENDITURE			
Administration	296,564	926,481	801,232
Amortization	400,000	369,738	412,903
Capital and Infrastructure	96,363	510,996	406,309
Community Health	2,111	591,093	247,915
Economic Development	-	118,722	61,556
Education and Training	310,748	386,481	367,318
Housing	-	141,710	107,544
Natural Resources	-	380,297	195,276
Social Assistance	284,078	226,067	178,869
	<u>1,389,864</u>	<u>3,651,585</u>	<u>2,778,922</u>
REVENUE OVER EXPENDITURE	556,358	3,475,884	925,812
OPENING POSITION	<u>5,793,338</u>	<u>5,793,338</u>	<u>4,867,526</u>
CLOSING POSITION	<u>6,349,696</u>	<u>9,269,222</u>	<u>5,793,338</u>

WET'SUWET'EN FIRST NATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	3,475,884	925,812
Amortization	369,738	412,903
Accounts receivable	-224,200	-153,558
Accounts payable and accruals	3,911	182,846
Deferred income	-213,142	213,142
Ottawa Trust funds	-1,378	-1,676
Prepaid expenses	-157,850	-3,830
Replacement reserve	-55,625	21,255
	<u>3,197,338</u>	<u>1,596,894</u>
FINANCING ACTIVITIES		
Long-term debt	<u>-1,457,013</u>	<u>-136,796</u>
INVESTING ACTIVITIES		
Investments	-831,221	243,642
Property and equipment additions	<u>-30,589</u>	<u>-51,881</u>
	<u>-861,810</u>	<u>191,761</u>
CHANGE IN CASH	878,515	1,651,859
OPENING CASH BALANCE	<u>2,073,295</u>	<u>421,436</u>
CLOSING CASH BALANCE	<u>2,951,810</u>	<u>2,073,295</u>

WET'SUWET'EN FIRST NATION

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (LIABILITIES)

YEAR ENDED MARCH 31

	Unaudited Budget	2020	2019
	\$	\$	\$
Revenue over expenditure	556,358	3,475,884	925,812
Amortization	400,000	369,738	412,903
Investments	500,000	-831,221	243,641
Prepaid expenses	-25,000	-157,850	-3,830
Property and equipment additions	<u>-50,000</u>	<u>-30,589</u>	<u>-51,881</u>
 Change in net financial assets (liabilities)	 1,381,358	 2,825,962	 1,526,645
 Opening net financial assets (liabilities)	 <u>-2,747,572</u>	 <u>-2,747,572</u>	 <u>-4,274,217</u>
 Closing net financial assets (liabilities)	 <u>-1,366,214</u>	 <u>78,390</u>	 <u>-2,747,572</u>

WET'SUWET'EN FIRST NATION

NOTES

MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards.

Inventory of cigarettes is recorded at cost.

Long-term investments are recorded as an expenditure in the related fund when acquired, and are reported using the modified equity method. Losses are recorded only to the extent of the Nation investment.

Property and equipment are reported at cost and are amortized using the declining balance method at the following annual rates:

Automotive	30%
Equipment	20%
Roads, sewer and water	4%
Buildings	4%

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from these estimates.

Revenue is recorded in the period in which the transactions or events that give rise to the revenue occur. Funding from external parties is reported as per the terms of the funding agreement.

Expenditures are accounted for in the period when the goods and services are acquired and the liability is incurred.

It is management's opinion that the Nation's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks. The Nation's measures financial assets and liabilities at market value at the date of acquisition.

The unaudited budget information has been provided by management.

WET'SUWET'EN FIRST NATION**NOTES****MARCH 31, 2020****2. CASH**

	2020	2019
Operating accounts	\$ 2,649,549	\$ 1,790,086
Housing reserves	115,189	170,814
Forestry deposit	3,670	3,648
Secured Revenue Trust account	<u>183,402</u>	<u>108,747</u>
	<u>\$ 2,951,810</u>	<u>\$ 2,073,295</u>

3. ACCOUNTS RECEIVABLE

	2020	2019
ISC	\$ 59,480	\$ -
Member receivables	210,625	175,619
Other	<u>452,343</u>	<u>272,341</u>
	722,448	447,960
Allowance for doubtful accounts	<u>206,041</u>	<u>155,753</u>
	<u>\$ 516,407</u>	<u>\$ 292,207</u>

4. OTTAWA TRUST FUNDS

ISC holds funds in trust for the Nation. These funds are designated as revenue or capital funds as is 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 ISC.

	Capital	Revenue	Total 2020	Total 2019
	\$	\$	\$	\$
Opening balance	18,507	31,006	49,513	47,837
Income	<u>-</u>	<u>1,378</u>	<u>1,378</u>	<u>1,676</u>
Closing balance	<u>18,507</u>	<u>32,384</u>	<u>50,891</u>	<u>49,513</u>

WET'SUWET'EN FIRST NATION

NOTES

MARCH 31, 2020

5. ACCOUNTS PAYABLE AND ACCRUALS

	2020	2019
Trade payable and accruals	\$ 298,647	\$ 299,479
Wages and holiday pay	<u>82,054</u>	<u>77,311</u>
	<u>\$ 380,701</u>	<u>\$ 376,790</u>

6. PREPAID EXPENSES

	2020	2019
Post-secondary allowances	\$ 4,050	\$ 5,695
Social Assistance	7,826	11,883
Modular home deposits	<u>163,552</u>	<u>-</u>
	<u>\$ 175,428</u>	<u>\$ 17,578</u>

7. INVESTMENTS

	2020	2019
Yinka Dene Economic Development Limited Partnership		
Comprised of – Advance	\$ 500,000	\$ 500,000
Accumulated Equity	<u>859,082</u>	<u>27,861</u>
	1,359,082	527,861
 FN (PTP) Group Limited Partnership – 1,014 units	 1	 1
 FN (PTP) General Partner Inc. - 1 share	 <u>1</u>	 <u>1</u>
	<u>\$ 1,359,084</u>	<u>\$ 527,863</u>

Yinka Dene Economic Development Limited Partnership was organized to operate independently of Nation's control. As the Nation has contributed a substantial portion of the company's equity, management has determined that reporting using the modified equity method is appropriate.

WET'SUWET'EN FIRST NATION

NOTES

MARCH 31, 2020

8. PROPERTY AND EQUIPMENT

	PROPERTY AND EQUIPMENT			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening balance	Additions	Closing balance	Opening balance	Annual amortization	Closing balance	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Buildings	9,001,260	-	9,001,260	2,285,783	290,750	2,576,533	6,424,727	6,715,477
Infrastructure	1,910,906	-	1,910,906	733,117	48,416	781,533	1,129,373	1,177,789
Equipment	703,896	30,589	734,485	601,693	30,572	632,265	102,220	102,203
	<u>11,616,062</u>	<u>30,589</u>	<u>11,646,651</u>	<u>3,620,593</u>	<u>369,738</u>	<u>3,990,331</u>	<u>7,656,320</u>	<u>7,995,469</u>

WET'SUWET'EN FIRST NATION

NOTES

MARCH 31, 2020

9. LONG-TERM DEBT

First Nation Finance Authority loan, \$10,402/month including interest at 3.79% per annum.	\$ 1,987,231
Less debt reserve fund	<u>128,088</u>
Net promissory note	<u>1,859,143</u>
First Nation Finance Authority loan, \$2,120/month including interest at 2.99% per annum.	447,160
Less debt reserve fund	<u>28,248</u>
Net promissory note	<u>418,912</u>
First Nation Finance Authority loan, semi-annual payments of \$7,250 in December and \$17,760 in June including interest at 2.9% per annum	458,903
Less debt reserve fund	<u>27,991</u>
Net promissory note	<u>430,912</u>
All Nations Trust Company mortgage, \$1,517/month including interest at 1.69% per annum	<u>77,550</u>
All Nations Trust Company mortgage, \$1,655/month including interest at 1.86% per annum	<u>161,921</u>
	<u>\$ 2,948,438</u>

Scheduled principal repayment during the next five years is as follows:

2021	\$ 112,255
2022	111,822
2023	115,202
2024	118,693
2025	<u>111,762</u>
	<u>\$ 569,734</u>

WET'SUWET'EN FIRST NATION**NOTES****MARCH 31, 2020****10. SURPLUS (DEFICIT)**

	2020	2019
	\$	\$
Administration	439,667	-888,611
Capital and Infrastructure	-1,042,987	-1,444,694
Community Health	1,042,266	312,316
Economic Development	629,597	77,510
Education and Training	334,635	293,132
Housing	103,442	128,779
Natural Resources	2,166,674	2,281,025
Social Assistance	<u>-21,930</u>	<u>-19,558</u>
Nation operating surplus	3,651,364	739,899
Investment surplus	<u>859,084</u>	<u>73,206</u>
Total	<u>4,510,448</u>	<u>813,105</u>

11. EQUITY IN PROPERTY AND EQUIPMENT

	2020	2019
Opening balance	\$ 4,930,720	\$ 5,154,946
Contributions from operations	146,901	188,677
Amortization	<u>-369,738</u>	<u>-412,903</u>
Closing balance	<u>\$ 4,707,883</u>	<u>\$ 4,930,720</u>

12. CONTINGENT LIABILITY

In 2007, the Nation transferred the management of its non-replacement forest licence to a third party. Under this arrangement, the third party would be responsible for the silviculture obligations of the forest licence. The responsibility for the silviculture obligations is being disputed between the Nation and the third party. The potential liability, if any, is not determinable at the year-end.

WET'SUWET'EN FIRST NATION

NOTES

MARCH 31, 2020

13. COMPARATIVES

Certain comparative have been restated to conform to current presentation.

14. REPLACEMENT AND OPERATING RESERVES

Replacement reserve

	2020	2019
Opening balance	\$ 135,485	\$ 131,677
Current provision	10,000	10,000
Interest	766	456
Replacement charges	-12,074	-6,648
Adjustment per CMHC	<u>-33,817</u>	<u>-</u>
Closing balance	<u>\$ 100,360</u>	<u>\$ 135,485</u>

Operating reserve

	2020	2019
Opening balance	\$ 35,329	\$ 28,730
Current transfer	2,554	5,964
Interest	614	635
Adjustment per CMHC	<u>-23,668</u>	<u>-</u>
Closing balance	<u>\$ 14,829</u>	<u>\$ 35,329</u>

15. SEGMENT DISCLOSURE

The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in note one. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the year are as follows:

WET'SUWET'EN FIRST NATION

NOTES

MARCH 31, 2020

15. SEGMENT DISCLOSURE (continued)

	Budget	Administration	Capital and infrastructure	Community Health	Economic Development	Education and Training	Housing	Nature Resources	Social Assistance	Amortization	Total 2020	Total 2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE												
Government of Canada	1,503,357	1,530,908	414,648	1,027,280	300,000	225,805	33,044	-	223,458	-	3,755,143	860,239
Province of BC	82,546	342,111	338,915	30,000	-	15,025	-	57,000	-	-	783,051	135,861
CSFS	-	-	-	277,456	-	-	-	-	-	-	277,456	368,212
PGNAETA	58,380	-	-	-	-	46,622	-	-	-	-	46,622	49,630
Rent, sales, and other	301,939	1,086,695	157,755	32,338	361,446	178,204	160,622	288,137	-	-	2,265,197	2,290,792
	<u>1,946,222</u>	<u>2,959,714</u>	<u>911,318</u>	<u>1,367,074</u>	<u>661,446</u>	<u>465,656</u>	<u>193,666</u>	<u>345,137</u>	<u>223,458</u>	<u>-</u>	<u>7,127,469</u>	<u>3,704,734</u>
EXPENDITURE												
Administration	39,148	-	9,721	16,931	1,273	32,415	9,300	-	2,861	-	72,501	89,476
Allowances	279,962	20,180	-	36,207	-	93,072	-	-	190,835	-	340,284	215,218
Amortization	400,000	-	-	-	-	-	-	-	-	369,738	369,738	412,903
Bad debts	-	53,888	-	-	-	-	-	-	-	-	53,888	66,790
Contract and consulting services	43,000	30,551	131,579	216,735	82,221	22,518	1,892	51,825	-	-	537,321	82,880
Equipment rentals and repairs	17,852	64,776	56,660	-	-	23,298	52,039	942	-	-	197,715	39,491
Honoraria	-	146,949	-	-	-	-	-	-	-	-	146,949	67,181
Insurance	4,200	-	2,262	4,706	-	-	58,534	-	-	-	65,502	59,735
Materials and supplies	22,255	65,909	65,069	25,499	1,112	14,299	-	23,847	-	-	195,735	290,134
Office and other	57,871	128,319	142,341	9,276	3,941	32,983	17,197	71,847	680	-	406,584	311,272
Professional and contract services	54,500	148,170	10,359	-	19,048	30,874	-	47,455	-	-	255,906	317,954
Telephone and utilities	177,621	83,960	42,711	14,849	-	6,583	-	575	481	-	129,159	123,733
Travel and training	40,864	41,419	9,132	129,281	-	25,991	2,748	5,804	208	-	214,583	183,474
Wages and benefits	252,591	162,360	41,162	137,609	11,127	104,448	-	178,002	31,002	-	665,710	518,681
	<u>1,389,864</u>	<u>926,481</u>	<u>510,996</u>	<u>591,093</u>	<u>118,722</u>	<u>386,481</u>	<u>141,710</u>	<u>380,297</u>	<u>226,067</u>	<u>369,738</u>	<u>3,651,585</u>	<u>2,778,922</u>
REVENUE OVER EXPENDITURE	<u>556,358</u>	<u>2,033,233</u>	<u>400,322</u>	<u>775,981</u>	<u>542,724</u>	<u>79,175</u>	<u>51,956</u>	<u>-35,160</u>	<u>-2,609</u>	<u>-369,738</u>	<u>3,475,884</u>	<u>925,812</u>
TRANSFERS	<u>-</u>	<u>92,215</u>	<u>85,843</u>	<u>-26,533</u>	<u>-3,136</u>	<u>-37,672</u>	<u>-44,263</u>	<u>-66,691</u>	<u>237</u>	<u>-</u>	<u>-</u>	<u>-</u>
ANNUAL SURPLUS (DEFICIT)	<u>556,358</u>	<u>2,125,448</u>	<u>486,165</u>	<u>749,448</u>	<u>539,588</u>	<u>41,503</u>	<u>7,693</u>	<u>-101,851</u>	<u>-2,372</u>	<u>-369,738</u>	<u>3,475,884</u>	<u>925,812</u>