

WET'SUWET'EN FIRST NATION

FINANCIAL STATEMENTS

MARCH 31, 2021

**WET'SUWET'EN FIRST NATION
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WET'SUWET'EN FIRST NATION
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
YEAR ENDED MARCH 31, 2021

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.

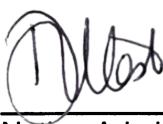
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

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, 2021 and the statements of financial activities, cash flows and changes in net financial assets 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, 2021 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.

Prince Rupert, BC
July 7, 2021

Carlyle Shepherd & Co.

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

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	4,216,926	2,951,810
Accounts receivable (note 3)	544,172	516,407
Inventory (note 1)	3,610	3,610
Ottawa Trust funds (note 4)	<u>52,059</u>	<u>50,891</u>
	<u>4,816,767</u>	<u>3,522,718</u>
LIABILITIES		
Accounts payable and accruals (note 5)	319,482	380,701
Replacement and operating reserves (note 13)	126,526	115,189
Long-term debt (note 9)	<u>3,295,810</u>	<u>2,948,438</u>
	<u>3,741,818</u>	<u>3,444,328</u>
NET FINANCIAL ASSETS	<u>1,074,949</u>	<u>78,390</u>
NON-FINANCIAL ASSETS		
Property and equipment (notes 1 and 8)	8,470,547	7,656,320
Investments (note 1 and 7)	3,666,558	1,359,084
Prepaid expenses (note 6)	<u>16,136</u>	<u>175,428</u>
	<u>12,153,241</u>	<u>9,190,832</u>
	<u>13,228,190</u>	<u>9,269,222</u>
NATION POSITION		
Surplus (note 10)	8,001,394	4,510,448
Equity in property and equipment (note 11)	5,174,737	4,707,883
Ottawa Trust funds (note 4)	<u>52,059</u>	<u>50,891</u>
	<u>13,228,190</u>	<u>9,269,222</u>

APPROVED ON BEHALF OF COUNCIL

M. Juggi _____ Chief Councillor
D. West _____ Nation Administrator

WET'SUWET'EN FIRST NATION

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Unaudited Budget	2021	2020
	\$	\$	\$
REVENUE			
ISC	1,254,693	1,458,380	1,970,975
Government of Canada - Treaty	-	-	1,338,878
Carrier Sekani Family Services	461,037	377,267	277,456
CMHC	34,000	33,020	33,044
First Nations Health Authority	78,547	140,649	112,246
Northern Health Authority	25,000	30,000	35,000
Other and resources	940,056	2,925,280	2,085,287
Ottawa Trust funds	1,150	1,168	1,378
PGNAETA	70,381	75,608	46,622
Province of BC	1,513,000	1,799,385	1,083,051
Rent and sales	<u>82,000</u>	<u>116,893</u>	<u>143,532</u>
	<u>4,459,864</u>	<u>6,957,650</u>	<u>7,127,469</u>
EXPENDITURE			
Administration	1,159,231	874,494	926,481
Amortization	400,000	421,215	369,738
Capital and Infrastructure	354,446	308,324	510,996
Community Health	937,590	232,632	591,093
Economic Development	439,000	250,567	118,722
Education and Training	385,566	284,092	386,481
Housing	175,700	126,080	141,710
Natural Resources	367,008	228,557	380,297
Social Assistance	<u>256,638</u>	<u>272,721</u>	<u>226,067</u>
	<u>4,475,179</u>	<u>2,998,682</u>	<u>3,651,585</u>
REVENUE OVER EXPENDITURE	-15,315	3,958,968	3,475,884
OPENING POSITION	<u>9,269,222</u>	<u>9,269,222</u>	<u>5,793,338</u>
CLOSING POSITION	<u>9,253,907</u>	<u>13,228,190</u>	<u>9,269,222</u>

WET'SUWET'EN FIRST NATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	3,958,968	3,475,884
Amortization	421,215	369,738
Accounts receivable	-27,765	-224,200
Accounts payable and accruals	-61,219	3,911
Deferred revenue	-	-213,142
Ottawa Trust funds	-1,168	-1,378
Prepaid expenses	159,292	-157,850
Replacement reserve	<u>11,337</u>	<u>-55,625</u>
	<u>4,460,660</u>	<u>3,197,338</u>
FINANCING ACTIVITIES		
Long-term debt	<u>347,372</u>	<u>-1,457,013</u>
INVESTING ACTIVITIES		
Investments	-2,307,474	-831,221
Property and equipment additions	<u>-1,235,442</u>	<u>-30,589</u>
	<u>-3,542,916</u>	<u>-861,810</u>
CHANGE IN CASH	1,265,116	878,515
OPENING CASH BALANCE	<u>2,951,810</u>	<u>2,073,295</u>
CLOSING CASH BALANCE	<u>4,216,926</u>	<u>2,951,810</u>

WET'SUWET'EN FIRST NATION
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31

	Unaudited Budget	2021	2020
	\$	\$	\$
Revenue over expenditure	-15,315	3,958,968	3,475,884
Amortization	400,000	421,215	369,738
Investments	-300,000	-2,307,474	-831,221
Prepaid expenses	150,000	159,292	-157,850
Property and equipment additions	<u>-250,000</u>	<u>-1,235,442</u>	<u>-30,589</u>
Change in net financial assets (liabilities)	-15,315	996,559	2,825,962
Opening net financial assets (liabilities)	<u>78,390</u>	<u>78,390</u>	<u>-2,747,572</u>
Closing net financial assets (liabilities)	<u>63,075</u>	<u>1,074,949</u>	<u>78,390</u>

WET'SUWET'EN FIRST NATION

NOTES

MARCH 31, 2021

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, 2021

2. CASH

	2021	2020
Operating accounts	\$ 3,990,335	\$ 2,649,549
Housing reserves	126,526	115,189
Forestry deposit	3,728	3,670
Secured Revenue Trust account	<u>96,337</u>	<u>183,402</u>
	<u><u>\$ 4,216,926</u></u>	<u><u>\$ 2,951,810</u></u>

3. ACCOUNTS RECEIVABLE

	2021	2020
ISC	\$ 133,984	\$ 59,480
Member receivables	219,762	210,625
Other	<u>407,190</u>	<u>452,343</u>
	<u><u>760,936</u></u>	<u><u>722,448</u></u>
Allowance for doubtful accounts	<u>216,764</u>	<u>206,041</u>
	<u><u>\$ 544,172</u></u>	<u><u>\$ 516,407</u></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 2021	Total 2020
	\$	\$	\$	\$
Opening balance	18,507	32,384	50,891	49,513
Income	<u>-</u>	<u>1,168</u>	<u>1,168</u>	<u>1,378</u>
Closing balance	<u>18,507</u>	<u>33,552</u>	<u>52,059</u>	<u>50,891</u>

WET'SUWET'EN FIRST NATION

NOTES

MARCH 31, 2021

5. ACCOUNTS PAYABLE AND ACCRUALS

	2021	2020
Trade payable and accruals	\$ 238,462	\$ 298,647
Wages and holiday pay	<u>81,020</u>	<u>82,054</u>
	<u>\$ 319,482</u>	<u>\$ 380,701</u>

6. PREPAID EXPENSES

	2021	2020
Post-secondary allowances	\$ 300	\$ 4,050
Social Assistance	9,756	7,826
Other	<u>6,080</u>	<u>163,552</u>
	<u>\$ 16,136</u>	<u>\$ 175,428</u>

7. INVESTMENTS

	2021	2020
Yinka Dene Economic Development Limited Partnership Comprised of – Advance	\$ 500,000	\$ 500,000
Accumulated Equity	<u>3,166,556</u>	<u>859,082</u>
	<u>3,666,556</u>	<u>1,359,082</u>
FN (PTP) Group Limited Partnership – 1,014 units	1	1
FN (PTP) General Partner Inc. - 1 share	<u>1</u>	<u>1</u>
	<u>\$ 3,666,558</u>	<u>\$ 1,359,084</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, 2021

8. PROPERTY AND EQUIPMENT

	PROPERTY AND EQUIPMENT			ACCUMULATED AMORTIZATION				NET BOOK VALUE		
	Opening balance			Opening balance			Annual amortization	Closing balance	2021	2020
		Additions	Disposals		\$	\$			\$	\$
Buildings	9,001,260	633,643		9,634,903	2,576,533		306,850	2,883,383	6,751,520	6,424,727
Infrastructure	1,910,906	515,925		2,426,831	781,533	-60,475	66,855	787,913	1,638,918	1,129,373
Equipment	<u>734,485</u>	<u>85,874</u>	<u>-60,475</u>	<u>759,884</u>	<u>632,265</u>		<u>47,510</u>	<u>679,775</u>	<u>80,109</u>	<u>102,220</u>
	<u>11,646,651</u>	<u>1,235,442</u>	<u>-60,475</u>	<u>12,821,618</u>	<u>3,990,331</u>	<u>-60,475</u>	<u>421,215</u>	<u>4,351,071</u>	<u>8,470,547</u>	<u>7,656,320</u>

WET'SUWET'EN FIRST NATION

NOTES

MARCH 31, 2021

9. LONG-TERM DEBT

First Nation Finance Authority loan, \$10,402/month including interest at 3.79% per annum.	\$ 1,937,181
Less debt reserve fund	<u>129,203</u>
Net promissory note	<u>1,807,978</u>
First Nation Finance Authority loan, \$2,120/month including interest at 2.99% per annum.	435,065
Less debt reserve fund	<u>28,494</u>
Net promissory note	<u>406,571</u>
First Nation Finance Authority loan, \$2,084/month including interest at 2.9% per annum	447,160
Less debt reserve fund	<u>28,234</u>
Net promissory note	<u>418,926</u>
All Nations Trust Company mortgage, \$1,517/month including interest at 1.69% per annum	60,490
All Nations Trust Company mortgage, \$1,655/month including interest at 1.86% per annum	144,886
CIBC demand loan, \$1,160/month including interest at 2.45% per annum	254,910
CIBC demand loan, \$919/month including interest at 2.45% per annum	<u>202,049</u>
	<u>\$ 3,295,810</u>

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

2022	\$ 123,744
2023	127,392
2024	131,157
2025	124,471
2026	<u>120,524</u>
	<u>\$ 627,288</u>

WET'SUWET'EN FIRST NATION

NOTES

MARCH 31, 2021

10. SURPLUS (DEFICIT)

	2021	2020
	\$	\$
Administration	624,634	439,667
Capital and Infrastructure	-849,319	-1,042,987
Community Health	717,062	1,042,266
Economic Development	606,233	629,597
Education and Training	421,149	334,635
Housing	101,534	103,442
Natural Resources	3,100,872	2,166,674
Social Assistance	<u>112,672</u>	<u>-21,930</u>
 Nation operating surplus	 4,834,837	 3,651,364
 Investment surplus	 <u>3,166,557</u>	 <u>859,084</u>
 Total	 <u>8,001,394</u>	 <u>4,510,448</u>

11. EQUITY IN PROPERTY AND EQUIPMENT

	2021	2020
	\$	\$
Opening balance	4,707,883	4,930,720
Contributions from operations	888,069	146,901
Amortization	<u>-421,215</u>	<u>-369,738</u>
 Closing balance	 <u>5,174,737</u>	 <u>4,707,883</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, 2021

13. REPLACEMENT AND OPERATING RESERVES

Replacement reserve

	2021	2020
	\$	\$
Opening balance	100,360	135,485
Current provision	10,000	10,000
Interest	, ,	766
	1,187	
Replacement charges	-	-12,074
Adjustment per CMHC	-	<u>-33,817</u>
 Closing balance	 <u>111,547</u>	 <u>100,360</u>

Operating reserve

	2021	2020
Opening balance	14,829	35,329
Current transfer	-	2,554
Interest	150	614
Adjustment per CMHC	-	<u>-23,668</u>
 Closing balance	 <u>14,979</u>	 <u>14,829</u>
 Total	 <u>126,526</u>	 <u>115,189</u>

14. 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, 2021

14. SEGMENT DISCLOSURE (continued)

	Budget	Administration	Capital and Infrastructure	Community Health	Economic Development	Education and Training	Housing	Nature Resources	Social Assistance	Amortization	Total 2021	Total 2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE												
Government of Canada	1,254,693	529,869	189,983	50,931	225,186	225,737	33,020	-	407,323	-	1,662,049	3,755,143
Province of BC	1,513,000	314,406	251,499	58,000	-	15,480	-	1,160,000	-	-	1,799,385	783,051
CSFS	461,037	-	-	372,214	-	-	5,053	-	-	-	377,267	277,456
PGNAETA	70,381	-	-	-	-	75,608	-	-	-	-	75,608	46,622
Rent, sales, and other	1,160,753	95,356	99,830	40,167	12,500	97,979	90,443	2,607,066	-	-	3,043,341	2,265,197
	<u>4,459,864</u>	<u>939,631</u>	<u>541,312</u>	<u>521,312</u>	<u>237,686</u>	<u>414,804</u>	<u>128,516</u>	<u>3,767,066</u>	<u>407,323</u>	<u>-</u>	<u>6,957,650</u>	<u>7,127,469</u>
EXPENDITURE												
Administration	90,672	37,420	11,378	34,277	4,200	17,204	6,000	21,105	5,318	-	136,902	72,501
Allowances	509,703	104,618	-	80,265	22,690	51,037	-	-	239,806	-	498,416	340,294
Amortization	400,000	-	-	-	-	-	-	-	-	421,215	421,215	369,738
Bad debts	-	11,204	-	-	-	-	-	-	-	-	11,204	53,888
Contract and consulting services	1,082,693	105,382	36,719	69,577	198,553	47,044	8,560	156,307	-	-	622,142	537,321
Capital cost recovery - water 2020	-	-	-	-197,925	-	-	-	-	-	-	-	-197,925
Equipment rentals and repairs	142,257	133,333	54,424	-	-	18,518	33,206	5,024	-	-	244,505	197,715
Honoraria	159,256	141,959	-	-	-	-	-	-	-	-	141,959	146,949
Insurance	120,337	-	6,889	7,695	-	-	60,369	-	-	-	74,953	65,502
Materials and supplies	188,180	27,356	17,611	3,895	3,000	18,807	66	4,207	-	-	74,942	195,735
Office and other	462,238	92,152	114,322	10,871	9,000	21,748	17,879	3,109	2,782	-	271,863	406,584
Professional and contract services	172,694	111,412	-	-	-	18,000	-	7,978	-	-	137,390	255,906
Telephone and utilities	54,200	12,764	23,180	21,717	-	21,540	-	150	75	-	79,426	129,159
Travel and training	143,746	4,081	1,310	50,636	824	18,977	-	-	-	-	75,828	214,583
Wages and benefits	949,203	92,813	42,491	151,624	12,300	51,217	-	30,677	24,740	-	405,862	665,710
	<u>4,475,179</u>	<u>874,494</u>	<u>308,324</u>	<u>232,632</u>	<u>250,567</u>	<u>284,092</u>	<u>126,080</u>	<u>228,557</u>	<u>272,721</u>	<u>421,215</u>	<u>2,998,682</u>	<u>3,651,585</u>
REVENUE OVER EXPENDITURE	-15,315	65,137	232,988	288,680	-12,881	130,712	2,436	3,538,509	134,602	-421,215	3,958,968	3,475,884
TRANSFERS	-	292,608	36,172	-27,139	2,016	-44,198	43,389	-302,848	-	-	-	-
ANNUAL SURPLUS (DEFICIT)	-15,315	357,745	269,160	261,541	-10,865	86,514	45,825	3,235,661	134,602	-421,215	3,958,968	3,475,884