

WET'SUWET'EN FIRST NATION

FINANCIAL STATEMENTS

MARCH 31, 2022

CARLYLE SHEPHERD & CO.
CHARTERED PROFESSIONAL ACCOUNTANTS



**WET'SUWET'EN FIRST NATION
INDEX TO FINANCIAL STATEMENTS**

MARCH 31, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
INDEPENDENT AUDITOR'S REPORT
STATEMENT OF FINANCIAL POSITION
STATEMENT OF FINANCIAL ACTIVITIES
STATEMENT OF CASH FLOWS
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
NOTES

WET'SUWET'EN FIRST NATION
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
YEAR ENDED MARCH 31, 2022

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.

M. Juggi

Chief

Amelia

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, 2022 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, 2022 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.

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.

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.

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 First 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 First 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 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 First 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.

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.

Prince Rupert, BC
August 18, 2022

Carlyle Shepherd & Co.

WET'SUWET'EN FIRST NATION
STATEMENT OF FINANCIAL POSITION

MARCH 31

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	6,195,314	4,216,926
Accounts receivable (note 3)	377,860	544,172
Inventory (note 1)	3,610	3,610
Ottawa Trust funds (note 4)	<u>53,630</u>	<u>52,059</u>
	<u>6,630,414</u>	<u>4,816,767</u>
LIABILITIES		
Accounts payable and accruals (note 5)	228,992	319,482
Replacement and operating reserves (note 13)	121,802	126,526
Long-term debt (note 9)	<u>3,167,754</u>	<u>3,295,810</u>
	<u>3,518,548</u>	<u>3,741,818</u>
NET FINANCIAL ASSETS	<u>3,111,866</u>	<u>1,074,949</u>
NON-FINANCIAL ASSETS		
Property and equipment (notes 1 and 8)	8,665,204	8,470,547
Investments (note 1 and 7)	5,541,257	3,666,558
Prepaid expenses (note 6)	<u>59,489</u>	<u>16,136</u>
	<u>14,265,950</u>	<u>12,153,241</u>
	<u>17,377,816</u>	<u>13,228,190</u>
NATION POSITION		
Surplus (note 10)	11,826,736	8,001,394
Equity in property and equipment (note 11)	5,497,450	5,174,737
Ottawa Trust funds (note 4)	<u>53,630</u>	<u>52,059</u>
	<u>17,377,816</u>	<u>13,228,190</u>

APPROVED ON BEHALF OF COUNCIL

M. Jugg

Chief Councillor

DM&B

Nation Administrator

WET'SUWET'EN FIRST NATION

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Unaudited Budget	2022	2021
	\$	\$	\$
REVENUE			
ISC	1,305,330	1,667,218	1,458,380
Carrier Sekani Family Services	385,722	440,810	377,267
CMHC	33,020	33,020	33,020
First Nations Health Authority	272,000	260,159	140,649
Northern Health Authority	-	30,250	30,000
Other and resources	2,049,121	4,527,036	2,925,280
Ottawa Trust funds	-	1,571	1,168
PGNAETA	56,922	8,315	75,608
Province of BC	760,864	529,900	1,799,385
Rent and sales	123,760	138,953	116,893
	<u>4,986,739</u>	<u>7,637,232</u>	<u>6,957,650</u>
EXPENDITURE			
Administration	828,024	739,868	874,494
Amortization	450,000	447,833	421,215
Capital and Infrastructure	294,532	346,071	308,324
Community Health	805,927	562,456	232,632
Economic Development	70,500	112,400	250,567
Education and Training	586,611	345,634	284,092
Housing	404,153	146,509	126,080
Natural Resources	430,000	434,659	228,557
Social Assistance	237,190	352,176	272,721
	<u>4,106,937</u>	<u>3,487,606</u>	<u>2,998,682</u>
REVENUE OVER EXPENDITURE	879,802	4,149,626	3,958,968
OPENING POSITION	<u>13,228,190</u>	<u>13,228,190</u>	<u>9,269,222</u>
CLOSING POSITION	<u>14,107,992</u>	<u>17,377,816</u>	<u>13,228,190</u>

WET'SUWET'EN FIRST NATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	4,149,626	3,958,968
Amortization	447,833	421,215
Accounts receivable	166,312	-27,765
Accounts payable and accruals	-90,490	-61,219
Ottawa Trust funds	-1,571	-1,168
Prepaid expenses	-43,353	159,292
Replacement reserve	-4,724	11,337
	<u>4,623,633</u>	<u>4,460,660</u>
FINANCING ACTIVITIES		
Long-term debt	<u>-128,056</u>	<u>347,372</u>
INVESTING ACTIVITIES		
Investments	-1,874,699	-2,307,474
Property and equipment additions	<u>-642,490</u>	<u>-1,235,442</u>
	<u>-2,517,189</u>	<u>-3,542,916</u>
CHANGE IN CASH		
	1,978,388	1,265,116
OPENING CASH BALANCE		
	<u>4,216,926</u>	<u>2,951,810</u>
CLOSING CASH BALANCE		
	<u>6,195,314</u>	<u>4,216,926</u>

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

	Unaudited Budget	2022	2021
	\$	\$	\$
Revenue over expenditure	879,802	4,149,626	3,958,968
Amortization	450,000	447,833	421,215
Investments	500,000	-1,874,699	-2,307,474
Prepaid expenses	-40,000	-43,353	159,292
Property and equipment additions	<u>-700,000</u>	<u>-642,490</u>	<u>-1,235,442</u>
 Change in net financial assets	 1,089,802	 2,036,917	 996,559
 Opening net financial assets	 <u>1,074,949</u>	 <u>1,074,949</u>	 <u>78,390</u>
 Closing net financial assets	 <u>2,164,751</u>	 <u>3,111,866</u>	 <u>1,074,949</u>

WET'SUWET'EN FIRST NATION

NOTES

MARCH 31, 2022

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 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, 2022

2. CASH

	2022	2021
Operating accounts	\$ 6,069,737	\$ 3,990,335
Housing reserves	121,802	126,526
Forestry deposit	3,738	3,728
Secured Revenue Trust account	<u>37</u>	<u>96,337</u>
	<u><u>\$ 6,195,314</u></u>	<u><u>\$ 4,216,926</u></u>

3. ACCOUNTS RECEIVABLE

	2022	2021
ISC	\$ 4,221	\$ 133,984
Member receivables	252,338	219,762
Other	<u>373,639</u>	<u>407,190</u>
	<u>630,198</u>	<u>760,936</u>
Allowance for doubtful accounts	<u>252,338</u>	<u>216,764</u>
	<u><u>\$ 377,860</u></u>	<u><u>\$ 544,172</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 2022	Total 2021
	\$	\$	\$	\$
Opening balance	18,507	33,552	52,059	50,891
Income	<u>-</u>	<u>1,571</u>	<u>1,571</u>	<u>1,168</u>
Closing balance	<u>18,507</u>	<u>35,123</u>	<u>53,630</u>	<u>52,059</u>

WET'SUWET'EN FIRST NATION

NOTES

MARCH 31, 2022

5. ACCOUNTS PAYABLE AND ACCRUALS

	2022	2021
Trade payable and accruals	\$ 189,449	\$ 238,462
Wages and holiday pay	<u>39,543</u>	<u>81,020</u>
	<u><u>\$ 228,992</u></u>	<u><u>\$ 319,482</u></u>

6. PREPAID EXPENSES

	2022	2021
Post-secondary allowances	\$ 1,550	\$ 300
Social Assistance	16,213	9,756
Other	<u>41,726</u>	<u>6,080</u>
	<u><u>\$ 59,489</u></u>	<u><u>\$ 16,136</u></u>

7. INVESTMENTS

	2022	2021
Yinka Dene Economic Development Limited Partnership		
Comprised of - Advance	\$ 400,000	\$ 500,000
- Accumulated Equity	<u>5,141,255</u>	<u>3,166,556</u>
	5,541,255	3,666,556
FN (PTP) Group Limited Partnership – 1,014 units	1	1
FN (PTP) General Partner Inc. - 1 share	<u>1</u>	<u>1</u>
	<u><u>\$ 5,541,257</u></u>	<u><u>\$ 3,666,558</u></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, 2022

8. PROPERTY AND EQUIPMENT

	PROPERTY AND EQUIPMENT			ACCUMULATED AMORTIZATION			NET BOOK VALUE		
	Opening balance	Additions	Disposals	Closing balance	Annual Disposals	Annual amortization	Closing balance	2022	2021
Buildings	9,634,903	354,664	-	9,989,567	2,883,383	-	311,769	3,195,152	6,794,415
Infrastructure	2,426,831	177,106	-	2,603,937	787,913	-	70,013	857,926	1,746,011
Equipment	759,884	110,720	50,000	820,604	679,775	50,000	66,051	695,826	124,778
	12,821,618	642,490	50,000	13,414,108	4,351,071	50,000	447,833	4,748,904	8,470,547

WET'SUWET'EN FIRST NATION

NOTES

MARCH 31, 2022

9. LONG-TERM DEBT

First Nation Finance Authority loan, \$10,402/month including interest at 3.79% per annum.	\$ 1,885,129
Less debt reserve fund	<u>131,187</u>
Net promissory note	<u>1,753,942</u>
First Nation Finance Authority loan, \$2,120/month including interest at 2.99% per annum.	422,608
Less debt reserve fund	<u>28,932</u>
Net promissory note	<u>393,676</u>
First Nation Finance Authority loan, \$2,084/month including interest at 2.9% per annum	435,066
Less debt reserve fund	<u>28,668</u>
Net promissory note	<u>406,398</u>
All Nations Trust Company mortgage, \$1,517/month including interest at 1.69% per annum	43,144
All Nations Trust Company mortgage, \$1,655/month including interest at 1.86% per annum	127,539
CIBC demand loan, \$1,160/month including interest at 2.7% per annum	247,150
CIBC demand loan, \$919/month including interest at 2.7% per annum	<u>195,905</u>
	<u>\$ 3,167,754</u>

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

2023	\$ 129,382
2024	133,221
2025	126,584
2026	122,750
2027	<u>126,659</u>
	<u>\$ 638,596</u>

WET'SUWET'EN FIRST NATION

NOTES

MARCH 31, 2022

10. SURPLUS (DEFICIT)

	2022	2021
	\$	\$
Administration	644,109	624,634
Capital and Infrastructure	-662,213	-849,319
Community Health	1,184,538	717,062
Economic Development	535,833	606,233
Education and Training	668,217	421,149
Housing	-66,185	101,534
Natural Resources	3,922,828	3,100,872
Social Assistance	<u>112,198</u>	<u>112,672</u>
 Nation operating surplus	 6,339,325	 4,834,837
 Investment surplus	 <u>5,487,411</u>	 <u>3,166,557</u>
 Total	 <u>11,826,736</u>	 <u>8,001,394</u>

11. EQUITY IN PROPERTY AND EQUIPMENT

	2022	2021
	\$	\$
Opening balance	5,174,737	4,707,883
Contribution from operations	770,546	888,069
Amortization	<u>-447,833</u>	<u>-421,215</u>
 Closing balance	 <u>5,497,450</u>	 <u>5,174,737</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, 2022

13. REPLACEMENT AND OPERATING RESERVES

Replacement reserve

	2022	2021
	\$	\$
Opening balance	111,547	100,360
Current provision	10,000	10,000
Interest	693	1,187
Replacement charges	-8,600	-
 Closing balance	 <u>113,640</u>	 <u>111,547</u>

Operating reserve

	2022	2021
	\$	\$
Opening balance	14,979	14,829
Current transfer	-6,912	-
Interest	95	150
 Closing balance	 <u>8,162</u>	 <u>14,979</u>
 Total	 <u>121,802</u>	 <u>126,526</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, 2022

14. SEGMENT DISCLOSURE (continued)

	Budget	Administration	Capital and Infrastructure	Community Health	Economic Development and Training	Housing	Natural Resources	Social Assistance	Social Amortization	Total 2022	Total 2021
REVENUE											
Government of Canada	1,610,350	260,595	319,972	583,982	42,000	345,199	56,947	-	351,702	-	1,960,397
Province of BC	760,664	178,585	261,315	50,000	-	30,250	-	40,000	-	-	560,150
CSFS	385,722	-	-	440,810	-	-	-	-	-	-	1,799,385
PGNAETA	56,922	-	-	-	-	-	8,315	-	-	-	440,810
Rent, sales, and other	2,172,881	141,474	30,856	12,151	2,320,854	89,309	91,940	1,980,976	-	-	8,315
	<u>4,986,739</u>	<u>580,654</u>	<u>612,143</u>	<u>1,086,943</u>	<u>2,362,854</u>	<u>473,073</u>	<u>148,887</u>	<u>2,020,976</u>	<u>351,702</u>	<u>-</u>	<u>4,667,560</u>
EXPENDITURE											
Administration	129,123	52,254	23,884	56,866	6,000	5,346	6,000	3,552	3,713	-	157,595
Allowances	615,074	117,586	-	119,101	-	122,959	-	94,431	316,351	-	770,428
Amortization	450,000	-	35,574	-	-	-	-	-	-	447,833	447,833
Bad debts	-	-	-	-	-	-	-	-	-	35,574	421,215
Capital cost recovery - water 2020	-	-	-	-	-	-	-	-	-	-	11,204
Contract and consulting services	822,400	18,745	44,971	22,516	56,900	47,154	9,971	218,411	-	-	-197,925
Equipment rentals and repairs	141,437	53,739	74,194	-	-	5,644	30,716	1,064	-	-	418,608
Honoraria	131,992	145,721	-	-	-	-	-	-	-	-	622,142
Insurance	137,623	-	12,947	10,145	-	-	74,750	-	-	-	165,357
Materials and supplies	305,140	54,283	9,707	30,266	6,300	44,457	10,691	31,111	-	-	244,505
Office and other	255,098	72,962	114,321	9,562	13,200	14,902	14,441	-	-	-	145,721
Professional and contract services	70,000	123,153	-	-	-	-	58,475	-	-	-	97,842
Telephone and utilities	72,400	27,328	32,661	17,289	-	15,962	-	-	-	-	74,953
Travel and training	81,718	17,532	1,290	135,098	-	32,328	-	14,415	300	-	200,664
Wages and benefits	694,932	20,991	32,116	161,632	30,000	56,882	-	13,200	27,804	-	75,828
	<u>4,106,937</u>	<u>739,868</u>	<u>346,071</u>	<u>562,456</u>	<u>112,400</u>	<u>345,634</u>	<u>146,509</u>	<u>434,659</u>	<u>352,176</u>	<u>-</u>	<u>342,625</u>
REVENUE OVER EXPENDITURE	<u>879,802</u>	<u>-159,214</u>	<u>266,072</u>	<u>524,487</u>	<u>2,250,454</u>	<u>127,439</u>	<u>2,378</u>	<u>1,586,317</u>	<u>-474</u>	<u>-447,833</u>	<u>4,149,626</u>
TRANSFERS	-	180,260	20,800	133,267	-	200,129	100,000	-634,456	-	-	-
ANNUAL SURPLUS (DEFICIT)	<u>879,802</u>	<u>21,046</u>	<u>286,872</u>	<u>657,754</u>	<u>2,250,454</u>	<u>327,568</u>	<u>102,378</u>	<u>951,981</u>	<u>-474</u>	<u>-447,833</u>	<u>4,149,626</u>
											<u>3,958,968</u>