

WILLIAMS LAKE FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

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Williams Lake

1.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Williams Lake First Nation are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

Williams Lake First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Nation's assets are appropriately accounted for and adequately safeguarded.

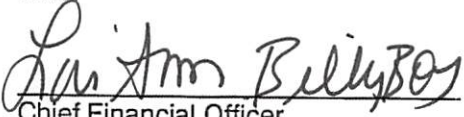
The Chief and Council are responsible for ensuring the integrity of the Nation's accounting and reporting systems and that appropriate internal controls are in place, including those for monitoring risk, financial reporting and compliance with the laws and that management fulfills its responsibilities for financial reporting. The Chief and Council are ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review Williams Lake First Nation's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the independent auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and independent auditor's report. The Chief and Council also consider the engagement of the independent auditor.

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


Chief

Chair, Finance and Audit Committee


Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To Chief and Council
Williams Lake First Nation

Opinion

We have audited the consolidated financial statements of the Williams Lake First Nation, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Williams Lake First Nation as at March 31, 2020, and its financial performance 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the First Nation in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the First 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 First Nation or to cease operations, or has no realistic alternative but to do so.

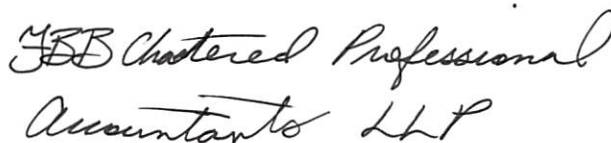
Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (continued)**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



FBB Chartered Professional Accountants LLP

October 5, 2020
Quesnel, British Columbia


WILLIAMS LAKE FIRST NATION

3.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Cash (note 4)	\$ 14,739,154	\$ 9,503,052
Accounts receivable (note 5)	3,402,797	1,435,053
Trust funds held by Canada (note 6)	12,535	12,632
Inventory	130,305	112,425
FNFA - Debt reserve	277,501	-
Long term investments (note 7)	<u>2,678,309</u>	<u>3,090,649</u>
	<u>21,240,601</u>	<u>14,153,811</u>
LIABILITIES		
Bank advances (note 8)	390,524	709,379
Accounts payable and accrued liabilities (note 9)	1,746,714	908,912
Deferred revenue (note 10)	-	75,000
FNFA (note 11)	<u>5,550,000</u>	<u>-</u>
	<u>7,687,238</u>	<u>1,693,291</u>
NET FINANCIAL ASSETS	<u>13,553,363</u>	<u>12,460,520</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 12)	31,042,314	29,995,697
Prepaid expenses	<u>101,750</u>	<u>14,310</u>
	<u>31,144,064</u>	<u>30,010,007</u>
NATION EQUITY	\$ <u>44,697,427</u>	\$ <u>42,470,527</u>
NATION EQUITY		
Unrestricted (note 13) - page 5.1	\$ 43,795,497	\$ 41,568,597
Contributed surplus (note 14)	<u>901,930</u>	<u>901,930</u>
	\$ <u>44,697,427</u>	\$ <u>42,470,527</u>

APPROVED ON BEHALF OF THE WILLIAMS LAKE FIRST NATION



 Chief

 Chair, Finance and Audit Committee

 Chief Financial Officer

The accompanying notes and schedules are an integral part of these statements.

WILLIAMS LAKE FIRST NATION

4.

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**FOR THE YEAR ENDED MARCH 31, 2020**

	2020 Budget (unaudited)	2020	2019
NET REVENUE FOR THE YEAR	\$ (5,474,390)	\$ 2,226,900	\$ 10,441,772
Amortization	-	409,700	354,794
Increase in prepaid expenses	-	(87,439)	(14,310)
Tangible capital asset acquisitions	-	<u>(1,456,318)</u>	<u>(2,111,714)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(5,474,390)	1,092,843	8,670,542
NET FINANCIAL ASSETS - Beginning of year	<u>12,460,520</u>	<u>12,460,520</u>	<u>3,789,978</u>
NET FINANCIAL ASSETS - End of year	\$ <u>6,986,130</u>	\$ <u>13,553,363</u>	\$ <u>12,460,520</u>

The accompanying notes and schedules are an integral part of these statements.

WILLIAMS LAKE FIRST NATION

5.1

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2020

	2020 BUDGET (unaudited)	2020 ACTUAL	2019 ACTUAL
REVENUES - page 5.2	\$ 6,845,242	\$ 14,550,710	\$ 18,296,091
DEFERRED REVENUE FROM PRIOR YEAR	75,000	75,000	150,000
DEFERRED REVENUE TO FOLLOWING YEAR	<u>-</u>	<u>-</u>	<u>(75,000)</u>
	6,920,242	14,625,710	18,371,091
EXPENSES - page 5.3	<u>12,394,632</u>	<u>13,184,948</u>	<u>11,606,262</u>
NET REVENUE BEFORE THE FOLLOWING	(5,474,390)	1,440,762	6,764,829
OTHER REVENUE (EXPENSES)			
Increase in Equity in Tangible Capital Assets	-	1,456,318	2,125,865
ISC recoveries	-	-	(20,636)
Increase in Equity in WL Community Forest LP	-	-	183,435
Operating results of Nation enterprises	<u>-</u>	<u>(670,180)</u>	<u>1,371,979</u>
NET REVENUE FOR THE YEAR	<u>(5,474,390)</u>	<u>2,226,900</u>	<u>10,425,472</u>
ACCUMULATED SURPLUS - beginning of year	41,837,142	41,837,142	31,395,370
RESTATEMENT OF PREVIOUS YEARS (note 23)			
Adjust advances to Sugar Cane TreadPro	-	(212,342)	(212,342)
Adjust net revenue of Coyote Rock			
Limited Partnership	-	(16,300)	-
Adjust net revenue of Sugarcane Petroleum			
for the loss of advances to Sugar Cane			
TreadPro Limited	-	(416,915)	(416,915)
Amortization	<u>-</u>	<u>377,012</u>	<u>377,012</u>
ACCUMULATED SURPLUS - beginning of			
year as restated	<u>41,837,142</u>	<u>41,568,597</u>	<u>31,143,125</u>
ACCUMULATED SURPLUS -			
End of year - to page 3	\$ <u>36,362,752</u>	\$ <u>43,795,497</u>	\$ <u>41,568,597</u>

The accompanying notes and schedules are an integral part of these statements.

WILLIAMS LAKE FIRST NATION

5.2

STATEMENT OF OPERATIONS**CONSOLIDATED REVENUES**

FOR THE YEAR ENDED MARCH 31, 2020

REVENUES	2020 BUDGET (unaudited)	2020 ACTUAL	2019 ACTUAL
Federal Government			
ISC - Operating	\$ 3,083,230	\$ 4,646,268	\$ 3,561,009
ISC - Capital	-	-	415,540
Northern Shuswap Treaty Society	428,164	434,014	411,914
CCATEC	83,290	108,371	102,773
First Nations Health Authority	153,549	161,940	86,649
First Nations Education Steering Committee	125,000	202,921	135,362
CMHC	-	8,438	6,709
Three Corners Health Services Society	37,581	38,600	80,278
Northern Shuswap Tribal Council	50,000	59,005	5,420
Other Federal Agencies	-	742,133	-
Province of British Columbia	1,022,714	2,951,809	980,990
Williams Lake Community Forest LP	-	1,385,611	1,275,482
Service contracts and fees	298,000	139,094	537,454
Mount Polley Gold Mines	-	-	275,000
Rentals	490,700	446,450	394,648
Canadian Red Cross Wildfire Support	-	-	(7,412)
Royalties	225,000	225,000	220,681
Gibraltar Mine	110,000	110,000	110,000
Tolko Industries Ltd.	60,000	61,300	7,919,635
Enbridge	50,000	50,000	80,000
150 Mile Ranch	-	130,352	133,565
Cantex	-	33,814	189,827
Lake Excavating Ltd.	-	80,087	123,930
Atlantic Power	15,000	836,724	352,420
Borland Creek Logging Ltd.	26,000	35,296	32,855
Donations and fundraising	46,806	54,891	9,000
Interest income	6,000	222,982	172,045
PWC LLP	-	307,003	200,248
Soda Creek First Nation	-	-	30,285
Property taxes	17,607	19,279	19,048
Sugar Cane Development Corporation	38,926	50,956	49,896
TSI DEL DEL Enterprises	-	76,832	-
Indigenous Bloom	-	289,125	-
Right to Play	21,559	12,215	23,484
Vancouver Foundation	74,840	74,940	-
New Relationship Trust	2,000	56,400	31,000
First People Language, Culture, Heritage	93,892	111,392	6,158
Knucwentwecw Society	55,000	115,000	55,000
Northern Development Initiatives Trust	7,500	61,344	6,837
All other	222,884	211,124	268,360
TOTAL REVENUES - to page 5.1	\$ 6,845,242	\$ 14,550,710	\$ 18,296,091

The accompanying notes and schedules are an integral part of these statements.

WILLIAMS LAKE FIRST NATION

5.3

STATEMENT OF OPERATIONS**CONSOLIDATED EXPENSES****FOR THE YEAR ENDED MARCH 31, 2020**

	2020 BUDGET (unaudited)	2020 ACTUAL	2019 ACTUAL
EXPENSES			
Administration	\$ 2,584,005	\$ 3,697,527	\$ 2,784,423
Amortization	-	409,700	354,794
Capital projects	286,275	1,063,443	1,665,212
Education	2,544,885	2,137,897	2,103,116
Natural resources	4,266,263	3,133,925	2,125,381
Public works	1,391,717	1,385,946	1,335,202
150 Mile Ranch	-	158,692	154,423
Recreation	274,603	270,501	239,165
Social development	573,073	558,214	454,486
Treaty	<u>473,811</u>	<u>369,103</u>	<u>390,060</u>
TOTAL EXPENSES - to page 5.1	\$ <u>12,394,632</u>	\$ <u>13,184,948</u>	\$ <u>11,606,262</u>

The accompanying notes and schedules are an integral part of these statements.

WILLIAMS LAKE FIRST NATION

6.

CONSOLIDATED STATEMENT OF CASH FLOW**FOR THE YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
CASH PROVIDED (USED) BY:		
Operating Activities		
Net revenue for the year	\$ 2,226,900	\$ 10,425,472
Items not involving cash:		
Amortization	409,700	354,794
Operating results of Nation enterprises	<u>670,180</u>	<u>(1,555,414)</u>
	<u>3,299,124</u>	<u>9,224,852</u>
Changes in non-cash operating items:		
Cash restricted as to use	(277,501)	-
Accounts receivable	(1,967,744)	166,892
Inventory	(17,880)	10,605
Accounts payable and accrued liabilities	837,802	60,339
Deferred income	(75,000)	(75,000)
Prepaid expenses	<u>(87,440)</u>	<u>(14,310)</u>
	<u>(1,587,763)</u>	<u>148,526</u>
Cash flows from operating activities	<u>1,719,017</u>	<u>9,373,378</u>
Cash flows from (used by) investing activities		
Trust funds held by Canada	97	(1,902)
(Advances) repaid by related parties	<u>(257,839)</u>	<u>596,462</u>
Cash flows from (used by) investing activities	<u>(257,742)</u>	<u>594,560</u>
Cash flows from (used by) financing activities		
Decrease in bank advances	(318,855)	(2,843,179)
Proceeds of FNFA term loan	<u>5,550,000</u>	<u>-</u>
Cash flows from (used by) financing activities	<u>5,231,145</u>	<u>(2,843,179)</u>
Cash flows used by capital activities		
Purchase of tangible capital assets	<u>(1,456,318)</u>	<u>(2,111,714)</u>
INCREASE IN CASH	5,236,102	5,013,045
CASH - Beginning of year	<u>9,503,052</u>	<u>4,490,007</u>
CASH - End of year	\$ <u>14,739,154</u>	\$ <u>9,503,052</u>

The accompanying notes and schedules are an integral part of these statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2020****1. BASIS OF PRESENTATION**

In order to satisfy the Reporting Guide's Financial Reporting Requirements of Indigenous Services Canada these consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards, as defined in the Chartered Professional Accountants Canada Public Sector Accounting Handbook, which encompasses the following:

- a. The focus of PSAB statements is on the financial position of the Nation and the changes thereto. The Consolidated Statement of Financial Position includes all the assets and liabilities of the Nation. Financial assets are economic resources controlled by the Nation as a result of past transactions from which future economic benefits may be obtained. Liabilities are present obligations of the Nation to others arising from past transactions, the settlement of which is expected to result in the future sacrifice of economic benefits.
- b. Williams Lake First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions.

The various funds have been amalgamated for the purpose of presentation in the consolidated financial statements. Details of the operation of each fund are set out in the supplementary schedules.

Williams Lake First Nation maintains the following funds:

- The Operations Fund which reports the general activities of the Nation.
- The Capital Fund which reports the capital projects of the Nation together with their related financing, other than those capital assets funded by CMHC.
- The Investment Fund which reports the Nation's investments in related entities.
- The Trust Fund which reports on the trust funds owned by the Nation and held by third parties.
- The Treaty Self-Government Fund which reports on activities related to treaty negotiations.

c. Reporting entity and principles of financial reporting

The Williams Lake First Nation reporting entity includes the Nation Government and all related entities which are accountable to the Nation Council and are either owned or controlled by the Nation.

The consolidated financial statements include the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2020****1. BASIS OF PRESENTATION (continued)****c. Reporting entity and principles of financial reporting (continued)**

- Nation Government administration (Operating and Capital Funds)
- Nation Investment Fund
- Nation Trust Fund (comprising the Ottawa Trust Funds)
- Nation CMHC Social Housing Fund
- Treaty Self-Government Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each fund, transactions amongst funds have not been eliminated on the individual schedules.

Business entities, which are owned or significantly influenced by the Williams Lake First Nation and which are not dependent on the Nation for their continuing operations, are included in the financial statements using the modified equity method. These include:

- Borland Creek Logging Ltd.
- Sugar Cane Development Corporation
- Sugarcane Petroleum Products Corporation
- Sugar Cane TreadPro Limited
- Sugar Cane Community Diversification Association
- Chief William RV-Campsite Ltd.

2. SIGNIFICANT ACCOUNTING POLICIES**a. Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand less outstanding cheques and deposits with a maturity of less than three months at the time of purchase. When outstanding cheques are in excess of cash on hand, the excess is reported in bank indebtedness.

b. Tangible capital assets

Tangible capital assets are non-financial assets having physical substance that:

- Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible assets;
- Have useful economic lives extending beyond an accounting period;
- Are to be used on a continuous basis; and
- Are not for sale in the ordinary course of operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Tangible capital assets (continued)

Tangible capital assets purchased are recorded at cost. Tangible capital assets contributed are recorded at the fair market value as at the date of contribution.

Tangible capital assets are amortized over their expected useful lives using the declining balance method at the following rates:

Automotive equipment	30%
Buildings and infrastructure	2% - 4%
Computer and office equipment	20% - 30%

Assets under construction are not amortized as they are not available for use.

Housing tangible assets acquired under Canada Mortgage and Housing Corporation sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in the related long term debt, as required for Canada Mortgage and Housing Corporation reporting purposes.

c. Investments

Investments in the Nation's wholly-owned enterprises are accounted for using the modified equity method. Under this method, the investments are initially recorded at cost and then increased or decreased to recognize subsequent earnings or losses. Investments are also increased or decreased to reflect advances to or repayments from the enterprises.

d. Surplus recoveries and deficit funding

Under the terms of various funding agreements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

e. Trust funds held by Canada (Ottawa Trust Fund)

Ottawa Trust Fund operating account revenues are recorded on an accrual basis, and include interest earned on the Ottawa Trust account.

Ottawa Trust Fund capital account revenues are recorded when the Nation is notified of their deposit by Indigenous Services Canada.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2020****2. SIGNIFICANT ACCOUNTING POLICIES (continued)****f. Revenue recognition**

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements which relate to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Consolidated Statement of Financial Position.

Expenses are accounted for in the period the goods and services are acquired and a liability is incurred, or transfers are due.

Rental revenue is recognized when a tenant commences occupancy and rent is due. Williams Lake First Nation retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

g. 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. Significant areas requiring the use of management estimates relate to the impairment of assets, and rates for depreciation and amortization. Actual results could differ from those estimates.

h. Liability for contaminated sites

On April 1, 2014, the Nation adopted the provisions of the accounting policy for liability for contaminated sites.

The details of the policy are specified in Section PS 3260 of the Public Sector Accounting Handbook of the Chartered Professional Accountants Canada.

The Nation has reviewed the implications of the Section and has concluded that it is not exposed to any contaminated sites. It has therefore not recorded any liability for remediation of contaminated sites.

i. Recent Accounting Pronouncements

PS 2200 Related Party Disclosures

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2020****2. SIGNIFICANT ACCOUNTING POLICIES (continued)****i. Recent Accounting Pronouncements (continued)**

Effective January 1, 2019, the Nation adopted the recommendations relating to Related Party Disclosures, as set out in the CPA Canada Public Sector Accounting Standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

There was no material impact on the consolidated financial statements of the adoption of the new Section.

ii. PS 3420 Inter-entity Transaction

Effective January 1, 2019, the Nation adopted the recommendations relating to PS3420 Inter-entity Transactions, as set out in the CPA Canada Public Sector Accounting Standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

There was no material impact on the consolidated financial statements of the adoption of the new Section.

iii. PS 3210 Assets

Effective January 1, 2019, the Nation adopted the recommendations relating to PS 3210 Assets, as set out in the CPA Canada Public Sector Accounting Standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

There was no material impact on the consolidated financial statements of the adoption of the new Section.

iv. PS 3320 Contingent Liabilities

Effective January 1, 2019, the Nation adopted the recommendations relating to PS 3320 Contingent Liabilities, as set out in the CPA Canada Public Sector Accounting Standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

There was no material impact on the consolidated financial statements of the adoption of the new Section.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

v. PS 3320 Contingent Assets

Effective January 1, 2019, the Nation adopted the recommendations relating to PS 3320 Contingent Assets, as set out in the CPA Canada Public Sector Accounting Standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

There was no material impact on the consolidated financial statements of the adoption of the new Section.

vi. PS 3380 Contractual Rights

Effective January 1, 2019, the Nation adopted the recommendations relating to PS 3380 Contractual Rights, as set out in the CPA Canada Public Sector Accounting Standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

There was no material impact on the consolidated financial statements of the adoption of the new Section.

3. ECONOMIC DEPENDENCE

The Williams Lake First Nation receives a major portion of its revenues pursuant to funding agreements with Indigenous Services Canada. The Nation's ability to continue operations could be severely hampered should this funding be discontinued.

	<u>2020</u>	<u>2019</u>
4. CASH		
Cash includes the following:		
Operations	\$ <u>14,739,154</u>	\$ <u>9,503,052</u>

WILLIAMS LAKE FIRST NATION

7.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2020**

5. ACCOUNTS RECEIVABLE	<u>2020</u>	<u>2019</u>
Due from members:		
Rent-to-own-program	\$ 245,785	\$ 269,508
Rent	466,229	479,492
Less: Allowance for doubtful accounts	<u>(235,754)</u>	<u>(235,754)</u>
	<u>476,260</u>	<u>513,246</u>
Due from others:		
Province of British Columbia	677,126	55,110
Indigenous Services Canada	208,113	118,590
FNESC	21,313	-
First Peoples' Heritage Language and Culture	35,668	-
First Nations Health Authority	9,692	-
New Relationship Trust	10,000	-
Northern Development Initiatives Trust	14,575	-
PWC LLP	68,677	-
Williams Lake Community Forest LLP	1,100,000	-
CCATEC	23,893	30,045
GST recoverable	49,020	106,684
Northern Shuswap Treaty Society	-	102,977
All other	<u>278,291</u>	<u>128,901</u>
	<u>2,496,388</u>	<u>542,307</u>
Related Parties:		
Borland Creek Logging	139,429	6,690
Chief William RV-Campsite Ltd.	-	2,708
Sugar Cane Community Diversity Association	4,775	4,775
Sugar Cane Development Corporation	85,024	11,254
Sugarcane Petroleum Products Corporation	259,321	337,351
Sugar Cane TreadPro Limited	<u>1,600</u>	<u>16,722</u>
	<u>490,149</u>	<u>379,500</u>
	\$ <u>3,402,797</u>	\$ <u>1,435,053</u>
6. TRUST FUNDS HELD BY CANADA		
Ottawa Trust Accounts	\$ <u>12,535</u>	\$ <u>12,632</u>

The Ottawa Trust Accounts arise from monies from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the consolidated revenue fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 and 69 of the *Indian Act*.

WILLIAMS LAKE FIRST NATION

7.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

7. INVESTMENTS	<u>2020</u>	<u>2019</u>
Borland Creek Logging Ltd.		
Equity	\$ 977,510	\$ 1,606,315
Common shares	<u>3</u>	<u>3</u>
	<u>977,513</u>	<u>1,606,318</u>
Coyote Rock LP		
Advances	24,450	-
Equity	<u>340,122</u>	<u>281,352</u>
	<u>364,572</u>	<u>281,352</u>
Sugar Cane Development Corporation Ltd.		
Advances	350,519	396,740
Equity	1,130,738	1,052,995
Common shares	<u>3</u>	<u>3</u>
	<u>1,481,260</u>	<u>1,449,738</u>
Sugarcane Petroleum Products Corporation		
Advances	(243,648)	(243,648)
Equity	330,159	263,097
Common shares	<u>3</u>	<u>3</u>
	<u>86,514</u>	<u>19,452</u>
Chief William RV-Campsite Ltd.		
Advances	(1,834)	(1,834)
Equity	53,089	77,100
Common shares	<u>3</u>	<u>3</u>
	<u>51,258</u>	<u>75,269</u>
Sugar Cane TreadPro Limited		
Advances	800,000	806,000
Deficiency	(1,616,071)	(1,396,176)
Common shares	<u>3</u>	<u>3</u>
	<u>(816,068)</u>	<u>(590,173)</u>
Sugar Cane Community Diversification Association		
Deficiency	<u>(9,742)</u>	<u>(9,742)</u>
Carry forward	\$ <u>2,135,307</u>	\$ <u>2,832,214</u>

WILLIAMS LAKE FIRST NATION

7.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2020**

7. INVESTMENTS (continued)	<u>2020</u>	<u>2019</u>
Brought forward	\$ <u>2,135,307</u>	\$ <u>2,832,214</u>
Coyote Rock Deficiency	(1,044)	-
Williams Lake Community Forest Limited Partnership Equity	<u>544,046</u>	<u>258,435</u>
	\$ <u>2,678,309</u>	\$ <u>3,090,649</u>

There are no specific terms of repayment on the unsecured, non-interest bearing advances receivable.

The investments are accounted for by the modified equity method. Under this method, the cost of the investment is adjusted for earnings from the date of acquisition.

8. BANK ADVANCES	<u>2020</u>	<u>2019</u>
Bank of Montreal		
Revolving credit lines and outstanding cheques	\$ -	\$ 304,420
Demand loan bearing interest at prime plus 0.5% per annum (currently 2.95%) repayable in monthly blended payments of \$1,070	149,905	158,118
Demand loan bearing interest at prime plus 0.5% per annum (currently 2.95%) repayable in monthly blended payments of \$1,316	<u>240,619</u>	<u>246,841</u>
	\$ <u>390,524</u>	\$ <u>709,379</u>

WILLIAMS LAKE FIRST NATION

7.10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2020****8. BANK ADVANCES (continued)**

Provided the Bank does not demand repayment of these loans in full, principal repayments due in each of the next five years are scheduled as follows:

2021	\$	17,345
2022		17,864
2023		18,398
2024		18,948
2025		19,514
Thereafter		<u>298,455</u>
	\$	<u>390,524</u>

The Bank of Montreal's revolving credit lines are secured by a general security agreement and bear interest at the bank's prime rate plus 0.5%. The maximum amount to be advanced under the credit accommodations is \$350,000. The demand loans are secured by a general security agreement and the guarantees of Sugar Cane TreadPro Limited and Sugarcane Petroleum Products Corporation.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
Trade accounts - regular operating	\$ 1,478,600	\$ 563,015
Accrued payroll and source deductions	131,049	155,568
GST collected	25,787	-
ISC surplus recoveries	25,054	145,602
Other accrued liabilities	<u>16,400</u>	<u>16,400</u>
	1,676,890	892,185
Due to related parties:		
Borland Creek Logging Ltd.	38,362	-
Sugar Cane Development Corporation	30,652	16,400
Sugarcane Petroleum Products Corporation	<u>810</u>	<u>327</u>
	\$ <u>1,746,714</u>	\$ <u>908,912</u>

10. DEFERRED REVENUE

The Nation has recorded the following externally restricted surpluses as deferred revenue to be used in the completion of ongoing projects:

	<u>2020</u>	<u>2019</u>
Rentals	\$ <u>-</u>	\$ <u>75,000</u>

WILLIAMS LAKE FIRST NATION

7.11

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

11. LONG TERM DEBT 2020 2019

First Nations Finance Authority

Demand loan bearing interest at the Authority's prime rate (currently 2.45%) repayable as to interest only. The loan is interim financing to assist in the construction of the Nation's Administration Building

\$ 5,550,000 \$ -

The loan is secured by an assignment of the funding provided to the Nation by the BC First Nation Revenue Sharing Limited Partnership.

12. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			<u>2020</u>	<u>2019</u>
Land	\$ 4,579,649	\$ -	\$ 4,579,649	\$ 4,579,649
Paving	142,341	5,777	136,564	17,223
Buildings	12,468,709	5,072,324	7,396,385	6,474,112
Infrastructure	20,958,815	2,414,721	18,544,094	18,549,039
Automotive	442,916	269,476	173,440	148,060
Equipment	602,814	413,854	188,960	202,910
Fencing	<u>29,743</u>	<u>6,521</u>	<u>23,222</u>	<u>24,702</u>
	\$ <u>39,224,987</u>	\$ <u>8,182,673</u>	\$ <u>31,042,314</u>	\$ <u>29,995,697</u>

During the year, the following transactions occurred in the Nation's tangible capital asset accounts:

Indigenous Bloom retail store paving	\$ 119,341
315 Yorston Avenue	389,267
Little Chiefs Day Care building	54,289
New Administration building	630,826
Elders' building	12,184
Highway 97 corridor project	127,964
Flood control structure 150 Mile project	30,093
Vehicles	55,000
Equipment	<u>37,354</u>
	\$ <u>1,456,318</u>

WILLIAMS LAKE FIRST NATION

7.12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2020****12. TANGIBLE CAPITAL ASSETS (continued)**

	Balance as at April 1, 2019	2020 Provision	Balance as at March 31, 2020
Amortization was recorded as follows:			
Paving	\$ 5,777	\$ -	\$ 5,777
Buildings	4,908,033	164,291	5,072,324
Infrastructure	2,251,718	163,003	2,414,721
Automotive	239,856	29,620	269,476
Equipment	362,550	51,304	413,854
Fencing	<u>5,039</u>	<u>1,482</u>	<u>6,521</u>
	\$ <u>7,772,973</u>	\$ <u>409,700</u>	\$ <u>8,182,673</u>

There were no asset write-downs during the year (2019 - \$NIL).

13. NATION EQUITY - UNRESTRICTED

The accumulated surplus consists of the following fund balances:

	<u>2020</u>	<u>2019</u>
Operating and Capital Projects Fund	\$ 43,144,975	\$ 40,268,415
Ottawa Trust Fund	14,656	12,632
Investment in Nation Business Enterprises	543,970	1,214,150
Treaty Self-Government Fund	<u>91,896</u>	<u>73,400</u>
	\$ <u>43,795,497</u>	\$ <u>41,568,597</u>

14. CONTRIBUTED SURPLUS

Contributed surplus consists of the following:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Nation's financial instruments consist of cash, cash restricted as to use, accounts receivable, trust funds held by Canada, debt reserve fund, investments, bank advances accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The Nation is exposed to financial risk that arises from the credit quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which the Nation provides services may experience financial difficulty and be unable to fulfill their obligations.

The Nation is exposed to interest rate risk arising from fluctuations in interest rates on its cash and investments and does not hold any financial instruments that mitigate this risk.

16. RECONCILIATION OF ISC COMPREHENSIVE FUNDING ARRANGEMENT REVENUE

Pursuant to the Reporting Guide's Financial Reporting Requirements, the following reconciliation has been prepared:

ISC Confirmation	\$ <u>4,646,268</u>
ISC Revenue per schedule 5.2	
Operating	\$ 4,646,268
Capital	<u>-</u>
	\$ <u>4,646,268</u>

17. NATION REGISTERED PENSION PLAN

The Nation provides a defined contribution pension plan to qualifying employees. Under the plan, the defined members' contributions, the Nation contributions, and the related plan earnings comprise the members' money purchase amounts. The plan is registered with Canada Revenue Agency.

The Nation contributed \$103,756 to the plan during the year ended March 31, 2020 (2019 - \$101,369) to match its employees' required contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

18. RELATED PARTY TRANSACTIONS

These financial statements include the following transactions with related parties. These transactions are at the exchange amount which is the consideration agreed to by the parties.

	<u>2020</u>	<u>2019</u>
SUPPLIES AND SERVICES PROVIDED BY:		
Sugar Cane TreadPro	\$ 17,190	\$ 13,318
Sugarcane Petroleum Products Corporation	10,521	46,976
Sugar Cane Development Corporation	224,263	59,343
Sugar Cane Community Diversification Association	16,004	-
Borland Creek Logging Ltd.	<u>379,876</u>	<u>348,428</u>
	\$ <u>647,854</u>	\$ <u>468,065</u>
SUPPLIES AND SERVICES PROVIDED TO:		
Borland Creek Logging Ltd.	\$ 91,911	\$ 32,855
Chief William RV Campsite Ltd	1,200	-
Coyote Rock LP	24,450	16,300
Sugar Cane Development Corporation	64,430	49,896
Sugarcane Petroleum Products Corporation	<u>7,463</u>	<u>9,986</u>
	\$ <u>189,454</u>	\$ <u>109,037</u>
ROYALTIES RECEIVED FROM:		
Sugar Cane Development Corporation	\$ 75,000	\$ -
Sugarcane Petroleum Products Corporation	75,000	145,681
Borland Creek Logging Ltd.	<u>75,000</u>	<u>75,000</u>
	\$ <u>225,000</u>	\$ <u>220,681</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2020****19. CONTINGENT ASSETS**

On February 2, 2018, the Supreme Court of Canada found in favour of the Williams Lake First Nation (formerly Williams Lake Indian Band) in Case Docket 36983. This Case was an appeal by the Nation against a decision by the Federal Court of Canada overturning a previous decision by the Indian Claims Tribunal that had found in favour of the Nation in its decision in 2014.

Canada had applied to the Federal Court of Canada for a judicial review of the Tribunal's decision. The Federal Court of Canada, after its review, dismissed the Nation's claim. The Nation appealed to the Supreme Court of Canada.

The Supreme Court of Canada heard the case and ruled that the Tribunal reasonably found that both the Imperial Crown and the Crown in right of Canada had owed, and breached, fiduciary obligations to the Nation in relation to the protection of its Village lands from pre-emption and that the Nation's pre-Confederation specific claim was valid under the Act.

The Supreme Court of Canada referred the matter back to Specific Claims Tribunal for determination of the financial compensation award. The Supreme Court also awarded costs to the Nation.

The financial compensation and the costs award are material. These amounts are not determinable at this time; management will record the amounts when they have been finalized.

20. CONTINGENT LIABILITIES**GUARANTEE OF DEBTS OWING BY RELATED PARTIES**

The Nation has guaranteed a \$100,000 line of credit and an equipment line of credit of \$200,000 for Borland Creek Logging Ltd. As at March 31, 2020, Borland Creek Logging Ltd. had no outstanding indebtedness on these lines of credit. The Nation has guaranteed financing agreements for log harvest equipment operated by Borland Creek Logging Ltd. As at March 31, 2020, the balances of the conditional financing agreements aggregated \$758,576.

The Nation has guaranteed bank indebtedness of Sugar Cane TreadPro Limited. The guarantee is for \$455,000. As at March 31, 2020, the balances outstanding on these accounts was \$352,723.

The Nation has guaranteed a bank line of credit of \$200,000 and demand loans for Sugarcane Petroleum Products Corporation aggregating \$700,000. As at March 31, 2020, the balances outstanding were \$558,303. The Nation has also guaranteed a letter of credit in favour of a supplier in the amount of \$155,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

20. CONTINGENT LIABILITIES (continued)

BAND MEMBER LOANS

The Band has guaranteed loans made in previous years by various financial institutions to Band members. The original balances on these loans were \$1,513,801. As at March 31, 2020, the balances outstanding were:

Loans made to Band Members \$ 411,411

21. EXPENSES BY OBJECT

	<u>2020</u>	<u>2019</u>
Salaries, wages and benefits	\$ 3,214,308	\$ 3,014,137
Materials and supplies	1,273,868	736,918
Contracted services	5,211,230	4,044,498
Wildfire house loss replacement	-	6,931
Rent, maintenance and utilities	1,007,582	1,256,965
Honoraria	151,086	141,190
Insurance	166,845	123,795
Education	1,103,035	1,154,024
Bank charges and interest	27,491	115,983
Amortization	409,700	354,794
Travel	233,944	242,995
Social assistance	227,167	254,789
Bad debts	-	4,820
150 Mile Ranch Operating	<u>158,692</u>	<u>154,423</u>
	\$ <u>13,184,948</u>	\$ <u>11,606,262</u>

22. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2020****23. PRIOR PERIOD ADJUSTMENT**

During the year, the Nation retroactively wrote off certain advance to its wholly owned subsidiary Sugar Cane TreadPro Limited. These advances were written down to the estimated realizable value of the building owned by the subsidiary.

Also, the Nation wrote off the value of advances made by another of its wholly owned subsidiaries, Sugarcane Petroleum Products Corporation, to TreadPro.

The Nation reduced the earnings of Coyote Rock Limited Partnership by the value of the lots that had been sold by the Limited Partnership in the year ended March 31, 2019.

The Nation, in order to ensure compliance with its Financial Administration Law, developed a Tangible Capital Register. The development of the Register resulted in the reduction of amortization charges in previous years in part because of the adjustment of amounts charged on infrastructure assets such as roads, water and sewer mains. These infrastructure assets had previously been amortized at a rate that did not reflect the improved lives of the assets.

24. SEGMENT DISCLOSURES

The Nation is a diversified organization that provides a wide range of services to its members. Distinguishable function segments have been separately disclosed in segmented information. The nature of the segments and the activities they encompass are as follows:

ADMINISTRATION

This segment relates to the revenue and expenses that are related to the operations of the Nation and cannot be directly attributed to a specific segment.

NATURAL RESOURCES

This segment is related to the revenue and expenses that are generated through the Nation's stewardship of the natural resources that are owned by the Nation.

PUBLIC WORKS

This segment provides services relating to the development, maintenance and service of the Nation's assets, infrastructure and common property.

EDUCATION

This segment provides educational services through post-secondary education support and the operation of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Nation's members.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

24. SEGMENT DISCLOSURES (continued)

SOCIAL DEVELOPMENT

This segment provides services to assist Nation members by providing a variety of program, community services and social services.

RECREATION

This segment provides services to assist Nation members with obtaining recreation and fitness activities.

TREATY NEGOTIATION SUPPORT PROGRAM

This segment is working towards the finalization of treaty negotiations.

Williams Lake First Nation
Notes to Consolidated Financial Statements
For the Year Ended March 31, 2020

Year Ended March 31, 2020

	Administration	Natural Resources	Public Works	Education	Social Development	Recreation	Treaty Negotiation	Capital Projects	Band-Owned Enterprises	Totals
Revenue										
ISC	\$ 813,960	\$ 557,164	\$ 1,106,289	\$ 1,794,896	\$ 373,999	\$ -	\$ -	\$ -	\$ -	\$ 4,646,308
Other	4,015,289	3,603,847	490,842	804,069	293,742	83,510	434,014	2,160,769	(670,180)	\$ 11,215,902
Total	4,829,249	4,161,011	1,597,131	2,598,965	667,741	83,510	434,014	2,160,769	(670,180)	15,862,210
Expenses										
Wages and benefits	1,118,395	433,853	376,996	707,356	239,380	206,163	211,931		-	\$ 3,294,074
Goods and services	3,019,369	2,659,483	1,051,264	1,492,696	355,217	71,664	203,587	1,078,256	-	\$ 9,931,536
Amortization	-	-	-	-	-	-	-	409,700	-	\$ 409,700
Total	4,137,764	3,093,336	1,428,260	2,200,052	594,597	277,827	415,518	1,487,956	-	13,635,310
Surplus (Deficit)	\$ 691,485	\$ 1,067,675	\$ 168,871	\$ 398,913	\$ 73,144	\$ (194,317)	\$ 18,496	\$ 672,813	\$ (670,180)	\$ 2,226,900

Year Ended March 31, 2019

	Administration	Natural Resources	Public Works	Education	Social Development	Recreation	Treaty Negotiation	Capital Projects	Band-Owned Enterprises	Totals
Revenue										
ISC	\$ 762,860	\$ 314,569	\$ 671,700	\$ 1,595,302	\$ 216,578	\$ -	\$ -	\$ 415,540	\$ -	\$ 3,976,549
Other	1,831,922	10,869,247	871,801	670,266	150,224	69,428	411,914	2,434,670	1,499,164	18,808,636
Total	2,594,782	11,183,816	1,543,501	2,265,568	366,802	69,428	411,914	2,850,210	1,499,164	22,785,185
Expenses										
Wages and benefits	1,048,463	469,430	356,882	638,512	183,623	130,517	249,175	8,638	-	\$ 3,085,240
Goods and services	1,977,447	2,127,605	1,098,371	1,511,753	292,359	62,995	182,030	1,667,119	-	\$ 8,919,679
Amortization	-	-	-	-	-	-	-	354,794	-	\$ 354,794
Total	3,025,910	2,597,035	1,455,253	2,150,265	475,982	193,512	431,205	2,030,551	-	12,359,713
Surplus (Deficit)	\$ (431,128)	\$ 8,586,781	\$ 88,248	\$ 115,303	\$ (109,180)	\$ (124,084)	\$ (19,291)	\$ 819,659	\$ 1,499,164	\$ 10,425,472