

**WE WAI KAI NATION**  
**Consolidated Financial Statements**  
**March 31, 2021**

# WE WAI KAI NATION

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## Consolidated Financial Statements

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Year Ended March 31, 2021

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## **WE WAI KAI NATION**

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

**March 31, 2021**


The accompanying consolidated financial statements of the We Wai Kai Nation as at March 31, 2021 and for the year ended are the responsibility of management. The 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 financial statements are presented fairly, in all material respects.

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

The We Wai Kai Nation Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

Chief and Council reviews the financial statements and approves them. Chief and Council meets periodically with management, as well as the external 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 financial statements and the independent auditor's report. Chief and Council consider their findings when approving the financial statements for issuance to the Members.

The financial statements have been approved by Chief and Council. In addition, these financial statements have been audited by Chan Nowosad Boates Inc. in accordance with Canadian generally accepted auditing standards on behalf of the members. Chan Nowosad Boates Inc. has full access to Chief and Council for the purpose of their audit.



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Stephen Conway  
Chief Administrative Officer  
July 12, 2021



## INDEPENDENT AUDITORS' REPORT

To Chief and Council and the Members of the We Wai Kai Nation

### Opinion

We have audited the accompanying consolidated financial statements of the We Wai Kai Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, the Nation's financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2021, and its financial performance and cash flows for the year then ended. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

### Basis of Opinion

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

We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends for the Nation to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the Nation's financial reporting process.

### Auditors' Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

### **Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Chan Newsrad Boates Inc*

Chartered Professional Accountants  
Campbell River, BC

July 12, 2021

**WE WAI KAI NATION****Consolidated Statement of Financial Position**

March 31, 2021

	2021	2020
		(Note 20)
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents (Note 2)	9,100,042	8,084,262
Restricted Cash (Note 3)	540,603	395,980
Accounts Receivable (Note 4)	449,759	492,429
Inventory (Note 5)	8,302	11,572
Due from Government Business Enterprises (Note 6)	14,955,948	12,726,822
Portfolio Investments (Note 7)	384,690	384,690
Investment in Government Business Enterprises (Note 8)	<u>7,683,795</u>	<u>7,055,478</u>
	<u>33,123,139</u>	<u>29,151,233</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities (Note 9)	992,689	1,111,841
Employee Benefit Obligations (Note 10)	93,524	87,949
Deposits (Note 11)	19,500	25,000
Deferred Revenue (Note 12)	40,536	185,043
Long Term Debt (Note 13)	<u>9,193,272</u>	<u>8,335,574</u>
	<u>10,339,521</u>	<u>9,745,407</u>
<b>NET FINANCIAL ASSETS</b>	<u>22,783,618</u>	<u>19,405,826</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid Expenses and Deposits	183,655	158,397
Tangible Capital Assets (Note 14)	<u>29,300,778</u>	<u>29,183,433</u>
	<u>29,484,433</u>	<u>29,341,830</u>
<b>ACCUMULATED SURPLUS</b>	<u>52,268,051</u>	<u>48,747,656</u>

**Contingent Liabilities and Commitments (Note 15)**

Approved by:



Chief



Councilor

**WE WAI KAI NATION**

**Consolidated Statement of Operations**

Year Ended March 31, 2021

	<b>2021</b>		<b>2020</b>
	<b>Actual</b> \$	<b>Budget</b> \$ (Note 19)	<b>\$</b> (Note 20)
<b>Revenues</b>			
Indigenous Services Canada (ISC)	5,744,692	5,708,609	4,854,592
Province of British Columbia	1,126,113	1,050,271	1,100,122
First Nation Health Authority	292,522	264,052	138,630
Canada Mortgage Housing Corporation	77,397	79,060	86,739
North Vancouver Island Aboriginal Training Society	112,685	73,927	92,759
Kwakiutl District Council	85,000	85,000	81,960
First Nations Education Steering Committee	186,822	114,962	93,768
BC Hydro	260,754	216,849	280,318
Income from Government Business Enterprises	2,817,045	-	1,603,680
Taxation	86,052	91,828	82,679
Lease and Rental Income	466,659	502,230	465,035
Tobacco Sales and Fees	191,971	227,500	221,403
Travel and Expense Recoveries	231,326	373,768	400,088
Interest	876,219	154,277	930,295
Other	469,210	481,542	436,574
	<u>13,024,467</u>	<u>9,423,875</u>	<u>10,868,642</u>
<b>Expenditures (Note 16)</b>			
Core Government	4,953,791	5,721,612	4,042,075
Health	568,863	990,946	621,451
Community Development	1,081,329	981,504	1,127,950
Economic Development	1,247,971	2,567,944	1,330,282
Housing	423,808	562,781	571,141
Capital	241,828	1,250,979	126,624
Trust and Reserves	31,248	30,300	8,730
Amortization and Loss on Disposal of Assets	955,234	-	862,631
	<u>9,504,072</u>	<u>12,106,066</u>	<u>8,690,884</u>
<b>Annual Surplus (Deficit)</b>	<u>3,520,395</u>	<u>(2,682,191)</u>	<u>2,177,758</u>
<b>Accumulated Surplus - Beginning of Year as Previously Stated</b>	48,994,619		46,569,898
<b>Prior Period Adjustment (Note 20)</b>	(246,963)		-
<b>Accumulated Surplus - Beginning of Year as Restated</b>	<u>48,747,656</u>		<u>46,569,898</u>
<b>Accumulated Surplus - End of Year</b>	<u>52,268,051</u>		<u>48,747,656</u>

**WE WAI KAI NATION****Consolidated Statement of Changes in Net Financial Assets**

Year Ended March 31, 2021

	<b>2021</b>	<b>2020</b> (Note 20)
	\$	\$
<b>Annual Surplus</b>	<u>3,520,395</u>	<u>2,177,758</u>
Purchase of Tangible Capital Assets	(1,171,620)	(2,102,974)
Disposal of Tangible Capital Assets	99,041	95,558
Amortization of Tangible Capital Assets	<u>955,234</u>	<u>862,086</u>
	<u>(117,345)</u>	<u>(1,145,330)</u>
Net Acquisition of Prepaid Asset	<u>(25,258)</u>	<u>(91,181)</u>
<b>Increase in Net Financial Assets</b>	3,377,792	941,247
<b>Net Financial Assets - Beginning of Year</b>	<u>19,405,826</u>	<u>18,464,579</u>
<b>Net Financial Assets - End of Year</b>	<u>22,783,618</u>	<u>19,405,826</u>



**WE WAI KAI NATION****Consolidated Statement of Cash Flows**

Year Ended March 31, 2021

	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Cash Flows From Operating Activities:</b>		
Cash Received from ISC and Other Sources	10,099,126	9,628,493
Cash Paid to Suppliers and Employees	<u>(8,684,403)</u>	<u>(8,755,366)</u>
	<u>1,414,723</u>	<u>873,127</u>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from Long Term Debt	1,922,207	149,500
Repayment of Long Term Debt	(1,064,509)	(1,147,550)
Transfer to FNFA Debt Reserve Fund	(75,230)	(62,276)
Transfer to Social Housing Reserve Funds	<u>(69,393)</u>	<u>(51,047)</u>
	<u>713,075</u>	<u>(1,111,373)</u>
<b>Cash Flows From Investing Activities:</b>		
Investment in Government Business Enterprises	2,188,728	3,644,574
Distributions to Government Business Enterprises	(2,229,126)	(761,770)
Transfer from Ottawa Trust Fund	-	119,457
	<u>(40,398)</u>	<u>3,002,261</u>
<b>Cash Flows From Capital Activities:</b>		
Purchase of Tangible Capital Assets	(1,171,620)	(2,102,974)
Proceeds from Sale of Tangible Capital Assets	<u>100,000</u>	<u>47,758</u>
	<u>(1,071,620)</u>	<u>(2,055,216)</u>
<b>Increase in Cash and Cash Equivalents</b>	<b>1,015,780</b>	<b>708,799</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u><b>8,084,262</b></u>	<u><b>7,375,463</b></u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><u><b>9,100,042</b></u></u>	<u><u><b>8,084,262</b></u></u>

# WE WAI KAI NATION

## Notes to the Financial Statements

March 31, 2021

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### 1. Significant Accounting Policies:

#### a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments, as recommended by the Public Sector Accounting Board of CPA Canada.

#### b) Basis of Consolidation

The financial statements include the accounts of the We Wai Kai Nation (the "Nation") government administration and Quinsam Properties BT Inc., Quinsam Reserve Leasing Inc., and 1223053 BC Ltd.

All controlled entities are consolidated on a line-by-line basis except for commercial enterprise, which meets the definition of a Government Business Enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transfers are eliminated upon consolidation. Under the modified equity method of accounting, only the Nation's investment in the business entities and the entities' net income and other changes in equity are recorded. No adjustment is made for accounting policies of the entities that are different from those of the Nation, except that any other comprehensive income of the business entities is accounted for as an adjustment to the accumulated surplus or deficit. Inter-organizational transactions and balances are not eliminated for the business entities.

Investments in the following entities are accounted for by the modified equity method and, as such, the accounting policies of these enterprises are not adjusted to conform with those of the Nation:

- A-Tlegay Fisheries Limited Partnership (27.50%)
- Laich-Kwil-Tach Environmental Assessment Partnership (49.96%)
- Quinsam LFRC Limited Partnership (48%)
- Quinsam Services Station Partnership (99%)
- 1012577 BC Ltd. (100%)
- Cape Mudge Campsites Ltd. (100%)
- Cape Mudge Developments Ltd. (100%)
- Cape Mudge Forestry Ltd. (100%)
- Cape Mudge Resort Ltd. (100%)
- Kerdan Hotel Ltd. (100%)
- Laich Kwil Tach Wood Trucking Joint Venture (51.48%)
- Quinsam Liquor Store Ltd. (100%)
- WWK Forestry Limited Partnership (99%)
- WWK Forestry (LPGP) Ltd. (100%)
- WWK Marine Terminals Limited Partnership (99%)
- Comox Valley Shakes (2019) Ltd. (100%)

#### c) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services and may be consumed in normal operations. Non-financial assets include tangible capital assets and prepaid expenses. Intangible assets, and items inherited by right of the Crown, are not recognized in the financial statements.

#### d) Cash and Cash Equivalents

Cash and Cash Equivalents includes cash on hand, balances with banks, and term deposits. Cash subject to external restrictions that prevent its use for current purposes is reflected in restricted cash.

**Notes to the Financial Statements**

March 31, 2021

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**1. Significant Accounting Policies (continued):**

**e) Tangible Capital Assets**

Tangible Capital Assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

Amortization is provided for using the following rates and methods:

Buildings and Improvements	4%	straight-line
General and Other Equipment	20%	straight-line
Infrastructure	4%	straight-line

Tangible Capital Assets are written down when conditions indicate that they no longer contribute to the Nation's ability to provide goods and services, or when the value of future economic benefits associated with the assets are less than their net book value. The net writedowns are accounted for as expenses in the statement of operations.

**f) Inventory**

Inventory, which consists of goods available for resale, is recorded at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

**g) Portfolio Investments**

Investments in corporations and limited partnerships which the Nation does not control or significantly influence are accounted for as portfolio investments using the cost method. Investments will be recorded at cost and any share of income received will be recognized as income when received or receivable.

**h) Revenue Recognition**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to any obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.

**i) Measurement Uncertainty**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the report amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, estimated useful lives of tangible capital assets, impairment of tangible capital assets, recoverability of investments and advances, accrued liabilities and the possibility of contingent liabilities. Actual results could differ from these estimates.

# WE WAI KAI NATION

## Notes to the Financial Statements

March 31, 2021

### 1. Significant Accounting Policies (continued):

#### j) Liability for Contaminated Sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2021.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2021 no liability for contaminated sites exists.

### 2. Cash and Cash Equivalents:

Cash and Cash Equivalents is comprised of the following:

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>Unrestricted</b>		
Operating	3,015,239	1,231,809
Savings	1,265,323	1,259,022
Guaranteed Investment Certificates	<u>631,830</u>	<u>621,268</u>
	<u>4,912,392</u>	<u>3,112,099</u>
<b>Internally Restricted Cash</b>		
IBA Account	3,672,894	4,652,471
FCARS Account	<u>514,756</u>	<u>319,692</u>
	<u>4,187,650</u>	<u>4,972,163</u>
	<u>9,100,042</u>	<u>8,084,262</u>

The Guaranteed Investment Certificate ("GIC") balance includes \$631,830 accruing interest at 0.4% per annum, maturing July 23, 2021.

The general bank account has an overdraft facility in the amount of \$200,000 at an interest rate of prime plus 0.5%. As of March 31, 2021, the Nation has \$200,000 of the credit facility available.

# WE WAI KAI NATION

## Notes to the Financial Statements

March 31, 2021

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### 3. Restricted Cash:

Restricted Cash is comprised of the following:

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>First Nation Finance Authority</b>		
Secured Revenues Trust Account	199,771	126,354
Debt Reserve Fund	<u>210,038</u>	<u>208,225</u>
	<u>409,809</u>	<u>334,579</u>
<b>Social Housing</b>		
Operating Reserve - Phase 1	44,853	15,280
Replacement Reserve - Phase 1	28,465	20,327
Operating Reserve - Phase 2	39,208	15,644
Replacement Reserve - Phase 2	<u>18,268</u>	<u>10,150</u>
	<u>130,794</u>	<u>61,401</u>
	<u>540,603</u>	<u>395,980</u>

The Nation has borrowed funds and has issued debt instruments through the First Nation Finance Authority ("FNFA"). As a condition on these borrowings, a portion of the borrowed funds and debenture proceeds are withheld by the FNFA as a debt reserve fund. Funds earned from a tobacco fee are redirected at source to a secured revenue trust account to fund upcoming payments under the debt instrument.

Under the terms of an agreement with Canada Mortgage and Housing Corporation ("CMHC"), the Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds, along with accumulated interest, must be held in separate bank accounts, as per the agreement with CMHC. These funds are to be invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the accounts may only be used for CMHC approved expenditures. The Nation is also required to maintain separate bank accounts for operating surplus resulting from the operations of the programs under the agreement, known as the operating reserve.

## WE WAI KAI NATION

### Notes to the Financial Statements

March 31, 2021

#### 4. Accounts Receivable:

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>Due from Members</b>		
User Fees	239,441	230,818
Loans	68,531	61,456
Allowance for Doubtful Accounts	<u>(246,399)</u>	<u>(238,451)</u>
	<u>61,573</u>	<u>53,823</u>
<b>Due from Others</b>		
Indigenous Services Canada (ISC)	-	115,309
CMHC	3,030	-
Nuyumbalees Society	215,729	190,579
Other	<u>437,155</u>	<u>346,845</u>
	655,914	652,733
Allowance for Doubtful Accounts	<u>(267,728)</u>	<u>(214,127)</u>
	<u>388,186</u>	<u>438,606</u>
<b>Net Accounts Receivable</b>	<u><u>449,759</u></u>	<u><u>492,429</u></u>

#### 5. Inventory:

	<u>2021</u>	<u>2020</u>
	\$	\$
Tobacco Products	<u>8,302</u>	<u>11,572</u>

#### 6. Due from Government Business Enterprises:

	<u>2021</u>	<u>2020</u>
	\$	\$
1012577 BC Ltd.	2,696,500	2,696,459
Cape Mudge Campsites Ltd.	46,956	61,573
Cape Mudge Developments Ltd.	258,206	277,106
Cape Mudge Resort Ltd.	847,298	846,408
Comox Valley Shakes (2019) Ltd.	10,486,675	8,189,136
WWK&P Holdings Ltd.	84,996	86,251
Quinsam Liquor Store Ltd.	-	37,668
Quinsam Service Station Partnership	188,202	205,372
WWK Forestry Limited Partnership	110,148	71,416
WWK Forestry (LPGP) Ltd.	50,000	50,000
WWK Marine Terminals Limited Partnership	<u>186,967</u>	<u>205,433</u>
	<u><u>14,955,948</u></u>	<u><u>12,726,822</u></u>

## WE WAI KAI NATION

### Notes to the Financial Statements

March 31, 2021

#### 7. Portfolio Investments:

The Nation's portfolio investments consists of the following:

	<u>2021</u>	<u>2020</u>
	\$	\$
Leqwa Enterprises Inc.	1	1
Quadra Link Ltd.	25,000	25,000
WWK&P Holdings Ltd.	359,579	359,579
BC FN Gaming Revenue Sharing Limited Partnership	110	110
	<u>384,690</u>	<u>384,690</u>

#### 8. Investment in Government Business Enterprises:

The Nation's investments in Government Business Enterprises consists of the following:

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>Investments in Business Enterprises</b>		
1012577 BC Ltd.	1	1
Cape Mudge Campsites Ltd.	367,021	205,803
Cape Mudge Developments Ltd.	13,280	1
Cape Mudge Forestry Ltd.	1	1
Cape Mudge Resort Ltd.	1	1
Kerdan Hotel Ltd.	-	195
Quinsam Liquor Store Ltd.	988,488	978,336
Comox Valley Shakes (2019) Ltd.	224,029	1
WWK Forestry (LPGP) Ltd.	5,584	4,468
	<u>1,598,405</u>	<u>1,188,807</u>
<b>Investments and Earnings in Business Partnerships</b>		
A-Tlegay Fisheries Limited Partnership	1,422,369	1,303,589
Laich Kwil Tach Wood Trucking Joint Venture	71,073	54,612
Laich-Kwil-Tach Environmental Assessment Partnership	1,028,797	901,377
Quinsam LFRC Limited Partnership	21,298	46,637
Quinsam Services Station Partnership	3,283,302	3,397,455
WWK Forestry Limited Partnership	257,115	163,001
WWK Marine Terminals Limited Partnership	1,436	-
	<u>6,085,390</u>	<u>5,866,671</u>
	<u>7,683,795</u>	<u>7,055,478</u>

## WE WAI KAI NATION

### Notes to the Financial Statements

March 31, 2021

#### 8. Investment in Government Business Enterprises (continued):

	Retail Goods and Services Businesses \$	Natural Resource Businesses \$	Industrial Businesses \$	Total 2021 \$	Total 2020 \$
Total Assets	<u>7,638,945</u>	<u>14,213,293</u>	<u>16,107,852</u>	<u>37,960,090</u>	<u>28,171,486</u>
Total Liabilities	5,489,960	8,717,071	16,853,263	31,060,294	22,794,817
Total Equity (Deficit)	<u>2,148,985</u>	<u>5,496,222</u>	<u>(745,411)</u>	<u>6,899,796</u>	<u>5,376,669</u>
Total Liabilities and Equity	<u>7,638,945</u>	<u>14,213,293</u>	<u>16,107,852</u>	<u>37,960,090</u>	<u>28,171,486</u>
Revenue	25,066,770	1,631,787	9,017,470	35,716,027	36,514,461
Expenses	<u>23,465,373</u>	<u>896,778</u>	<u>8,062,244</u>	<u>32,424,395</u>	<u>34,046,449</u>
Net Income	<u>1,601,397</u>	<u>735,009</u>	<u>955,226</u>	<u>3,291,632</u>	<u>2,468,012</u>

#### 9. Accounts Payable and Accrued Liabilities:

	<u>2021</u> \$	<u>2020</u> \$
Trade Payables	643,381	483,491
Wages Payable	83,330	56,028
Government Remittances Payable	2,634	3,084
Other	<u>263,344</u>	<u>569,238</u>
	<u>992,689</u>	<u>1,111,841</u>

#### 10. Employee Benefit Obligations:

	<u>2021</u> \$	<u>2020</u> \$
Vacation and Overtime	92,925	72,667
Pension Plan Contributions	<u>599</u>	<u>15,282</u>
	<u>93,524</u>	<u>87,949</u>

#### Vacation and Overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next fiscal year.

#### Pension Plan

The Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute between 3-9% of their base salary. The Nation contributes matching contributions which are directed to the members' contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The Nation contributed \$54,061 (2020 - \$47,946) during the year for retirement benefits. The Nation does not have any other obligations with regards to the pension plan as at March 31, 2021.



## WE WAI KAI NATION

### Notes to the Financial Statements

March 31, 2021

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#### 11. Deposits:

	<u>2021</u>	<u>2020</u>
	\$	\$
Housing Application Deposits	<u>19,500</u>	<u>25,000</u>

Balance includes housing deposits received from tenants in Elders' Housing. Amounts to be either refunded when tenant vacates the premises or held to cover potential damages caused by tenants.

#### 12. Deferred Revenue:

	<u>2020</u>	<u>Funding</u>	<u>Revenue</u>	<u>2021</u>
	\$	Received	Recognized	\$
		\$	\$	
ISC - Community Based Initiative	78,370	170,000	236,918	11,452
ISC - School Minor Capital	-	16,041	-	16,041
ISC - Risk Management	4,950	-	4,950	-
DFO - PICFI	58,822	-	58,822	-
Province of BC - Prevention and Family Support Funding	30,000	-	30,000	-
Property Lease Revenue	<u>12,901</u>	<u>142</u>	<u>-</u>	<u>13,043</u>
	<u>185,043</u>	<u>186,183</u>	<u>330,690</u>	<u>40,536</u>

## WE WAI KAI NATION

### Notes to the Financial Statements

March 31, 2021

#### 13. Long Term Debt:

	<u>2021</u> \$	<u>2020</u> \$
Government of Canada - IR10 Promissory Note: Interest-free; maturing on the earlier of March 31, 2025 or the date on which the IR10 Roads Claim is settled	13,820	-
Royal Bank of Canada - Facility #2: Matured on April 12, 2020	-	90,178
Royal Bank of Canada - Facility #4: Repayable at \$56,442 per month including interest at prime per annum; maturing September 30, 2021; secured by general security agreement	2,827,934	3,471,891
Royal Bank of Canada: Term Loan Repayable at \$13,145 per month including interest at prime per annum; maturing April 28, 2021; secured by general security agreement	1,805,660	-
CMHC - Phase 1: Repayable at \$3,761 per month including interest at 2.13% per annum; for renewal on October 1, 2022; secured by buildings with a net book value of \$1,028,994 (2020 - \$1,057,495)	780,954	809,230
CMHC - Phase 2: Repayable at \$3,729 per month including interest at 2.22% per annum; for renewal on January 1, 2024; secured by buildings with a net book value of \$923,574 (2020 - \$948,199)	769,961	796,712
First Nation Finance Authority: Repayable at \$4,131 per month plus interest at 2.9% per annum; maturing June 26, 2024; secured by assignment of tobacco fees	1,082,768	1,138,154
First Nation Finance Authority: Repayable at \$2,947 per month plus interest at 3.79% per annum; maturing June 26, 2024; secured by assignment of tobacco fees	784,890	829,203
First Nation Finance Authority: Repayable at \$4,032 per month plus interest at 2.985% per annum; maturing June 26, 2024; secured by assignment of tobacco fees	1,001,077	1,056,756
Nuu-cha-nulth Economic Development Corporation: Repayable at \$1,679 per month plus interest at prime plus 2.00% per annum; maturing June 1, 2029; secured by general security agreement	<u>126,208</u>	<u>143,450</u>
	<u>9,193,272</u>	<u>8,335,574</u>

## WE WAI KAI NATION

### Notes to the Financial Statements

March 31, 2021

#### 13. Long Term Debt (continued):

Interest expense on long term debt for the year ended March 31, 2021 is \$274,394 (2020 - \$317,263). Scheduled principal repayments for the next five years is estimated as follow:

	\$
2022	933,972
2023	1,701,386
2024	1,613,791
2025	953,406
2026 and Thereafter	3,990,717

Repayments on the Royal Bank of Canada Facility #4 have been calculated under the assumption that it will continue to be renewed and repaid consistent with the current year.

#### 14. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening \$	Additions \$	Disposals \$	Closing \$	Opening \$	Amort \$	Disposals \$	Closing \$	2021 \$	2020 \$
Land	3,177,344	-	99,041	3,078,303	-	-	-	-	3,078,303	3,177,344
Buildings	9,380,309	545,078	-	9,925,387	2,262,960	252,202	-	2,515,162	7,410,225	7,117,349
<i>Infrastructures:</i>										
Subdivisions	12,532,457	13,500	-	12,545,957	3,009,233	313,552	-	3,322,785	9,223,172	9,523,224
Roads	1,739,369	360,269	-	2,099,638	1,000,239	69,575	-	1,069,814	1,029,824	739,130
Water Systems	6,219,489	28,468	-	6,247,957	281,078	155,546	-	436,624	5,811,333	5,938,411
Sewer Systems	218,456	-	-	218,456	114,490	5,461	-	119,951	98,505	103,966
Vehicle & Vessels	532,589	59,712	-	592,301	304,418	43,892	-	348,310	243,991	228,171
Equipment	348,408	138,911	-	487,319	114,761	31,036	-	145,797	341,522	233,647
Office Equipment	92,268	1,979	-	94,247	66,992	3,659	-	70,651	23,596	25,276
Computer										
Equipment	149,473	23,703	-	173,176	58,251	27,186	-	85,437	87,739	91,222
Elders Housing	2,112,589	-	-	2,112,589	106,896	53,125	-	160,021	1,952,568	2,005,693
<b>Total</b>	<u>36,502,751</u>	<u>1,171,620</u>	<u>99,041</u>	<u>37,575,330</u>	<u>7,319,318</u>	<u>955,234</u>	<u>-</u>	<u>8,274,552</u>	<u>29,300,778</u>	<u>29,183,433</u>

#### 15. Contingent Liabilities and Commitments:

The Nation has entered into contribution agreements with the Indigenous Services Canada and various other federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.

The Nation is contingently liable for \$5,533,535 (2020 - \$5,721,141) with respect to its guarantee of loans made by Canada Mortgage and Housing Corporation to band members for homes built on reserve.

## WE WAI KAI NATION

### Notes to the Financial Statements

March 31, 2021

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#### 15. Contingent Liabilities and Commitments (continued):

The Nation has various ongoing capital projects that may result in the Nation incurring additional costs with respect to the budgeted contract amount as a result of changes to the scope of work during the contract from change orders or alternative issues, resulting in the Nation being responsible for the payment of additional unplanned amounts.

The Nation entered into a long term contract for construction of a sidewalk. As of March 31, 2021, there remains contract costs to the Nation totalling \$62,750. This contract will be completed in fiscal 2022.

#### 16. Schedule of Expenses by Object:

	<u>2021</u>	<u>2020</u>
	\$	\$
Amortization and Loss on Disposal of Assets	955,234	862,631
Direct Member Benefit	957,930	1,114,363
Construction	2,740	55,461
Consulting and Professional Fees	358,618	300,655
Donations	72,104	85,737
Honoraria	253,600	264,813
Insurance	126,335	111,492
Interest and Bank Charges	283,885	325,086
Land Lease	33,353	37,058
Legal	411,471	189,488
Material and Supplies	426,769	433,656
Office and Sundry	155,800	142,140
Subcontract	546,235	513,558
Social Programs	356,835	207,570
Repairs and Maintenance	326,802	77,117
Tuition	1,597,141	1,462,563
Training	21,499	20,886
Travel	71,076	230,375
Utilities and Telephone	476,610	566,489
Wages and Benefits	<u>2,070,035</u>	<u>1,689,746</u>
	<u>9,504,072</u>	<u>8,690,884</u>

#### 17. Economic Dependence:

The Nation receives a significant portion of its revenues from ISC as a result of agreements entered into with the Government of Canada. These agreements are administered by ISC under the terms and conditions of the *Indian Act*. The ability of the Nation to continue operations is dependant upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

# WE WAI KAI NATION

## Notes to the Financial Statements

March 31, 2021

### 18. Subsequent Events:

#### Water System Upgrade

On April 6, 2021, the Nation obtained approval for funding from ISC of \$247,920 for water system upgrades that were completed in the previous fiscal year. An additional \$746,871 of funding towards this project has been requested for release in the year ending March 31, 2022.

#### Long Term Debt - Commercial Recreational Centre

On May 26, 2021, the Nation was approved for a loan of \$355,000 and funding of \$125,000 from Tale'awtxw Aboriginal Capital Corporation ("TACC") for the construction of a commercial recreational complex. An additional \$30,000 will be contributed by the New Relationship Trust, and the Nation must contribute \$90,000 to the project. Construction on this project is expected to begin in fiscal 2022.

### 19. Budget Figures:

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council and have not been audited.

### 20. Prior Period Adjustment:

During the year ending March 31, 2021, it was identified that tuition fees recorded for the nominal roll from School District 72 were understated for the final quarter of the year ending March 31, 2020.

The Nation's comparative financial information for the year ending March 31, 2020 has been adjusted and restated to reflect the correct tuition fees for the year ending March 31, 2020 as follows:

	2020 as <u>Previously Stated</u> \$	<u>Adjustment</u> \$	2020 as <u>Restated</u> \$
Accounts Payable and Accrued Liabilities	864,878	246,963	1,111,841
Accumulated Surplus - End of Year	48,994,619	(246,963)	48,747,656
Expenditures - Core Government	3,795,112	246,963	4,042,075

### 21. Comparative Figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation in the current year.

### 22. Segment Disclosure:

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed in Schedule 1 to the financial statements.

#### Core Government

Core Government contains activities that are needed to manage and administer the Nation's organization.

#### Health

Health contains activities that provide health services, medical services, financial support or support by other means to members that is aimed at developing both the individual as well as the community.

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**Notes to the Financial Statements**

March 31, 2021

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**22. Segment Disclosure (continued):**

**Community Development**

Community Development contains all activities that are involved in the development of the community and operation of community activities and operations.

**Economic Development**

Economic Development contains activities that are involved in the development and the operation of economic opportunities for the Nation including its business interest.

**Housing**

Housing contains activities that relate to on reserve housing.

**Capital**

Capital represents amounts spent on the betterment of the Nation's capital assets, either through repairs and maintenance or general capital purchases.

For each segment separately reported, the segment revenue and expense represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

## WE WAI KAI NATION

### Schedule 1 - Segment Disclosure

March 31, 2021

	Core Government \$	Health \$	Community Development \$	Economic Development \$	Housing \$	Capital Fund \$	Trust and Reserve Funds \$	Enterprise Funds \$	Total \$
<b>Revenue</b>									
ISC	4,686,373	158,548	304,130	147,600	300,237	147,804	-	-	5,744,692
Other Revenue	<u>1,513,146</u>	<u>331,315</u>	<u>163,037</u>	<u>1,763,761</u>	<u>163,222</u>	<u>-</u>	<u>121,426</u>	<u>3,371,222</u>	<u>7,427,129</u>
	6,199,519	489,863	467,167	1,911,361	463,459	147,804	121,426	3,371,222	13,171,821
Less: Inter-Program Charges	<u>(85,254)</u>	<u>-</u>	<u>-</u>	<u>(62,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(147,354)</u>
	<u>6,114,265</u>	<u>489,863</u>	<u>467,167</u>	<u>1,849,261</u>	<u>463,459</u>	<u>147,804</u>	<u>121,426</u>	<u>3,371,222</u>	<u>13,024,467</u>
<b>Expenses</b>									
Other	3,902,608	51,022	957,408	1,108,943	431,008	1,207,224	31,248	-	7,689,461
Wages and Benefits	<u>1,265,987</u>	<u>579,443</u>	<u>159,589</u>	<u>173,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,178,351</u>
	5,168,595	630,465	1,116,997	1,282,275	431,008	1,207,224	31,248	-	9,867,812
Less: Capital Purchases	<u>(145,169)</u>	<u>(17,343)</u>	<u>(28,468)</u>	<u>(15,244)</u>	<u>-</u>	<u>(965,396)</u>	<u>-</u>	<u>-</u>	<u>(1,171,620)</u>
Less: Inter-Program Charges	<u>(69,635)</u>	<u>(44,259)</u>	<u>(7,200)</u>	<u>(19,060)</u>	<u>(7,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(147,354)</u>
Amortization on Disposal of Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>955,234</u>
	<u>4,953,791</u>	<u>568,863</u>	<u>1,081,329</u>	<u>1,247,971</u>	<u>423,808</u>	<u>241,828</u>	<u>31,248</u>	<u>-</u>	<u>9,504,072</u>
<b>Annual Surplus (Deficit)</b>	<u>1,160,474</u>	<u>(79,000)</u>	<u>(614,162)</u>	<u>601,290</u>	<u>39,651</u>	<u>(94,024)</u>	<u>90,178</u>	<u>-</u>	<u>3,520,395</u>