

**WET'SUWET'EN TREATY OFFICE SOCIETY
FIRST NATION NEGOTIATION
SUPPORT AGREEMENT**

FINANCIAL STATEMENTS

MARCH 31, 2018

**WET'SUWET'EN TREATY OFFICE SOCIETY
FIRST NATION NEGOTIATION
SUPPORT AGREEMENT**

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MARCH 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Wet'suwet'en Treaty Office Society

Report on the Financial Statements

We have audited the accompanying statement of financial position of the First Nation Negotiation Support Agreement (the "Agreement") of Wet'suwet'en Treaty Office Society as at March 31, 2018 and the statement of receipts, expenditures and surplus (deficit) for the year then ended and a summary of significant accounting policies.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Agreement dated March 22, 2018 between Wet'suwet'en Treaty Office Society, Wet'suwet'en Hereditary Chiefs, the BC Treaty Commission and INAC, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted the audit in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agreement of Wet'suwet'en Treaty Office Society as at March 31, 2018 and the results of its activities for the year then ended in accordance with the financial reporting provisions of the Agreement.

Basis of Accounting and Restriction

Without modifying our opinion, we draw attention of Note 1 to the financial statement which describes the basis of accounting. Our report is intended solely for Wet'suwet'en Treaty Office Society, Wet'suwet'en Hereditary Chiefs, the BC Treaty Commission and INAC and, as a result, may not be suitable for another purpose.

Smithers, BC
October 1, 2018

Carlyle Shepherd & Co.

**AUDIT REPORT COMPLIANCE WITH AN AGREEMENT
TO THE BRITISH COLUMBIA TREATY COMMISSIONERS**

To The British Columbia Treaty Commissioners

We have audited the Wet'suwet'en Treaty Office Society's compliance as at March 31, 2018 with the criteria established by provisions relating to the financial obligations incurred by the Wet'suwet'en Treaty Office Society during the year ended March 31, 2018 preparing for and carrying out treaty negotiations with Canada and British Columbia. These provisions are described in Sections 7.1, 7.2 and 8.1 of the First Nation Negotiation Support Agreement dated March 22, 2018 with the Wet'suwet'en Hereditary Chiefs, the BC Treaty Commission and INAC. Compliance with the criteria established by the provisions of the Agreement is the responsibility of the management of the Wet'suwet'en Treaty Office Society. Our responsibility is to express an opinion of this compliance based on the audit.

We conducted the audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the Wet'suwet'en Treaty Office Society complied with the criteria established by the provisions of the Agreement referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with Sections 7.1, 7.2 and 8.1 of the Agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

We confirm that expenditures were compared to the final budget approved by the Treaty Commission, and variances are described in note 4 to the financial statements.

In our opinion, Wet'suwet'en Treaty Office Society is in compliance in all material respects with the criteria established by Sections 7.1, 7.2 and 8.1 of the Agreement, as described in the attached schedule.

Smithers, BC
October 1, 2018

**WET'SUWET'EN TREATY OFFICE SOCIETY
FIRST NATION NEGOTIATION SUPPORT AGREEMENT**

**SCHEDULE TO THE AUDIT REPORT ON COMPLIANCE WITH AN AGREEMENT FOR THE
YEAR ENDED MARCH 31, 2018**

SCHEDULE 1 – INTERPRETATION OF AGREEMENT FOR CRITERIA FOR COMPLIANCE

SECTION

7.0 FINANCIAL CONTROL

- 7.1 For the purpose of receiving funds under this Agreement, the Society will maintain an account at a Bank, Trust Company or Credit Union established and regulated under federal or provincial legislation and inform the Commission of the account particulars.
- 7.2 To support financial control of the funds received under this Agreement and the expenditures, the Society will maintain separate records and procedures which conform to generally accepted accounting principles as set out in the Chartered Professional Accountants' Handbook.

8.0 EXPENDITURES BY FIRST NATION

- 8.1 Subject to Section 11.1 the Society will use the contribution payments and loan advances received under this Agreement only for expenditures.

DEFINITIONS AS SET OUT IN THE FIRST NATION NEGOTIATION SUPPORT AGREEMENT

"Expenditures" means the expenditures generally described in the Budget that are reasonably properly incurred by the Society in carrying out the activities described in the Workplan.

"Budget" means the budget for the Fiscal year submitted by the Society and approved by the Commission that

- i) Lists the activities and the proposed expenditures to carry out the workplan for the Fiscal Year
- ii) Shows the estimated cash flow projection of the Society for the Fiscal year and
- iii) Is consistent with the amount of loan and contribution funding allocated to the Society for the Fiscal Year.

"Workplan" means the work plan for the Fiscal Year describing activities by Stage submitted by the Society to, and reviewed by, the Commission, and includes any revisions to the workplan reviewed by the Commission.

"Stage" means one of the six stages of the Treaty Process.

"Treaty Process" means the six stage process for the negotiation of treaties between Canada, British Columbia and Society facilitated by the Commission.

WET'SUWET'EN TREATY OFFICE SOCIETY
FIRST NATION NEGOTIATION
SUPPORT AGREEMENT





STATEMENT OF FINANCIAL POSITION

MARCH 31

LIABILITIES AND DEFICIT

	2018	2017
	\$	\$
CURRENT		
Bank overdraft	36,861	26,888
Accounts payable and accruals	<u>10,423</u>	<u>8,795</u>
	<u>47,284</u>	<u>35,683</u>
NON-CURRENT		
Loans payable (note 3)	<u>14,353,409</u>	<u>14,353,409</u>
DEFICIT		
Surplus (Deficit)	<u>-14,400,693</u>	<u>-14,389,092</u>

APPROVED BY THE DIRECTORS

 Director
 Director
 Director
 Director

Director

**WET'SUWET'EN TREATY OFFICE SOCIETY
FIRST NATION NEGOTIATION
SUPPORT AGREEMENT**

STATEMENT OF RECEIPTS, EXPENDITURES AND SURPLUS (DEFICIT)

YEAR ENDED MARCH 31

	Unaudited Budget 2018	2018	2017
	\$	\$	\$
RECEIPTS			
INAC loan	-	-	176,000
BC Treaty Commission contribution	<u>228,900</u>	<u>228,900</u>	<u>59,000</u>
	<u>228,900</u>	<u>228,900</u>	<u>235,000</u>
EXPENDITURE			
Administration			
Audit	10,505	10,505	10,505
Benefits	11,005	11,005	14,506
Office materials and supplies	864	864	-
Secretarial/support/finance	30,664	30,664	26,544
Treaty manager	34,340	34,340	31,265
Honoraria/Committees			
Assembly and meetings	47,474	47,474	40,805
Committees	-	-	-
Committee travel	-	-	642
Honoraria - chiefs	71,250	71,250	91,250
Negotiation Team			
Negotiators	<u>34,399</u>	<u>34,399</u>	<u>35,131</u>
	<u>240,501</u>	<u>240,501</u>	<u>250,648</u>
REVENUE OVER EXPENDITURE	-11,601	-11,601	-15,648
LOAN REPAYABLE	-	-	-176,000
TRANSFER – OTHER FUNDS	-	-	-
OPENING SURPLUS (DEFICIT)	<u>-14,389,092</u>	<u>-14,389,092</u>	<u>-14,197,444</u>
CLOSING SURPLUS (DEFICIT)	<u>-14,400,693</u>	<u>-14,400,693</u>	<u>-14,389,092</u>

**WET'SUWET'EN TREATY OFFICE SOCIETY
FIRST NATION NEGOTIATION SUPPORT AGREEMENT**

NOTES

MARCH 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements account for transactions arising from the First Nation Negotiation Support Agreement and have been prepared in accordance with the financial reporting provisions of the First Nation Negotiation Support Agreement dated March 22, 2018 between the Wet'suwet'en Treaty Office Society, Wet'suwet'en Hereditary Chiefs, the BC Treaty Commission and INAC ("the agreement").

Receipts are recorded in the period in which terms of the funding arrangement are met.

Expenditures are recorded in the period in which the goods and services are acquired and the liability is incurred.

The preparation of financial statements in accordance with financial provisions of the agreement requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from these estimates.

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

A statement of cash flows has not been provided as it would not disclose any additional information.

2. PURPOSE OF THE ORGANIZATION

The Society is an association of people committed to coordinating and administering treaty negotiations on behalf of the Wet'suwet'en House Groups with British Columbia and Canada as well as developing programs and services for the Wet'suwet'en and promoting, preserving and enhancing the Wet'suwet'en culture and territories.

The Directors and Hereditary Chiefs are reconsidering the purpose and objectives of the Society.

**WET'SUWET'EN TREATY OFFICE SOCIETY
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MARCH 31, 2018

3. LOANS PAYABLE

The Wet'suwet'en Treaty Office Society has signed promissory notes and First Nation Negotiation Support Agreements totaling \$14,353,409 as at March 31, 2018 representing advances made by Canada for negotiations. Repayment provisions for these loans are outlined in Sections 13.0 and 14.0 of the First Nation Negotiation Support Agreement.

4. BUDGET VARIANCE

Audit expenditures are greater than budget by \$10,505.