

**SUGAR CANE DEVELOPMENT CORPORATION**  
**Financial Statements**  
**Year Ended March 31, 2016**  
*(Unaudited)*

**SUGAR CANE DEVELOPMENT CORPORATION**  
**Index to Financial Statements**  
**Year Ended March 31, 2016**  
*(Unaudited)*

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**CHARTERED  
PROFESSIONAL  
ACCOUNTANTS LLP**

**D. Kane Fraser, CPA, CA\***  
*Partner*

**Ryan Broughton, CPA, CA\***  
*Partner*

*\*Denotes incorporated professional*

## **REVIEW ENGAGEMENT REPORT**

To the Shareholder of Sugar Cane Development Corporation

We have reviewed the balance sheet of Sugar Cane Development Corporation as at March 31, 2016 and the statements of deficit, income and cash flow for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for private enterprises.

Without modifying our opinion, we draw attention to note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared for the purpose of the Williams Lake Indian Band's oversight of Sugar Cane Development Corporation and its financial performance. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Williams Lake Indian Band and Sugar Cane Development Corporation and should not be used by parties other than the Williams Lake Indian Band and Sugar Cane Development Corporation.

Williams Lake, British Columbia  
July 18, 2016

**FBB**  
FBB Chartered Professional Accountants LLP

# SUGAR CANE DEVELOPMENT CORPORATION


## Balance Sheet


March 31, 2016

(Unaudited)

	2016	2015
<b>Assets</b>		
Current		
Cash	\$ 241,522	\$ 2,695,439
Accounts receivable (Note 5)	<u>31,850</u>	<u>13,725</u>
	273,372	2,709,164
Property, plant and equipment (Note 6)	325,646	346,994
Due from related parties (Note 8)	<u>601,673</u>	<u>601,797</u>
	<u>\$ 1,200,691</u>	<u>\$ 3,657,955</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 249,693	\$ 125,338
Deferred income	7,800	2,294,596
Due to related parties (Note 8)	-	3,531
Due to shareholder (Note 9)	<u>996,254</u>	<u>1,369,254</u>
	<u>1,253,747</u>	<u>3,792,719</u>
<b>Shareholder's Deficiency</b>		
Share capital (Note 11)	3	3
Deficit	<u>(53,059)</u>	<u>(134,767)</u>
	<u>(53,056)</u>	<u>(134,764)</u>
	<u>\$ 1,200,691</u>	<u>\$ 3,657,955</u>

APPROVED BY THE DIRECTORS

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The accompanying notes are an integral part of this statement.

**SUGAR CANE DEVELOPMENT CORPORATION**

**Statement of Deficit**

**Year Ended March 31, 2016**

*(Unaudited)*

	<u>2016</u>	<u>2015</u>
<b>Deficit - beginning of year</b>	<b>\$ (134,767)</b>	<b>\$ (57,663)</b>
Net income (loss) for the year	<u>81,708</u>	<u>(77,104)</u>
<b>Deficit - end of year</b>	<b><u>\$ (53,059)</u></b>	<b><u>\$ (134,767)</u></b>

The accompanying notes are an integral part of this statement.

**SUGAR CANE DEVELOPMENT CORPORATION****Statement of Income****For the Year Ended March 31, 2016***(Unaudited)*

	<b>2016</b>	<b>2015</b>
<b>Revenue</b>	<b>\$ 2,745,296</b>	<b>\$ 349,389</b>
<b>Expenses</b>		
Advertising and promotion	214	660
Amortization	21,346	23,963
Bad debts	-	1,563
Licences, dues and fees	1,516	985
Insurance	4,894	7,207
Bank charges and interest	401	321
Management fees	-	373,000
Office	1,234	1,772
Professional fees	10,929	12,679
Repairs and maintenance	10,176	1,381
Wages and benefits	-	(7)
Sub-contracts	2,614,568	1,720
Supplies	48	97
Telephone and utilities	1,397	1,152
Vehicle	34	-
	<b>2,666,757</b>	<b>426,493</b>
<b>Income (loss) from operations</b>	<b>78,539</b>	<b>(77,104)</b>
Other income	3,169	-
<b>Net income (loss) for the year</b>	<b>\$ 81,708</b>	<b>\$ (77,104)</b>

The accompanying notes are an integral part of this statement.

**SUGAR CANE DEVELOPMENT CORPORATION****Statement of Cash Flow****Year Ended March 31, 2016***(Unaudited)*

	2016	2015
<b>Operating activities</b>		
Net income (loss) for the year	\$ 81,708	\$ (77,104)
Item not affecting cash:		
Amortization of property, plant and equipment	21,346	23,963
	<u>103,054</u>	<u>(53,141)</u>
Changes in non-cash working capital:		
Accounts receivable	(18,125)	(4,706)
Accounts payable and accrued liabilities	124,357	(1,634)
Deferred income	(2,286,796)	2,216,796
Prepaid expenses	-	2,220
	<u>(2,180,564)</u>	<u>2,212,676</u>
Cash flow from (used by) operating activities	<u>(2,077,510)</u>	<u>2,159,535</u>
<b>Financing activities</b>		
Advances to related parties	(3,407)	(12,556)
Advances from (to) shareholder	(373,000)	372,784
Cash flow from (used by) financing activities	<u>(376,407)</u>	<u>360,228</u>
<b>Increase (decrease) in cash flow</b>	<b>(2,453,917)</b>	<b>2,519,763</b>
Cash - beginning of year	<u>2,695,439</u>	<u>175,676</u>
<b>Cash - end of year</b>	<b>\$ 241,522</b>	<b>\$ 2,695,439</b>
<b>Supplementary information</b>		
Interest received	<u>\$ 3,169</u>	<u>\$ -</u>
Interest paid	<u>\$ 402</u>	<u>\$ 320</u>

The accompanying notes are an integral part of this statement.

# SUGAR CANE DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended March 31, 2016

(Unaudited)

### 1. Description of business

Sugar Cane Development Corporation (the "company") is incorporated under the *Business Corporations Act of British Columbia*. The company's principal business activity is operation of a forest products mill and providing contract services on the Sugarcane Reserve for purposes of economic development of the Williams Lake Indian Band. The company is exempt from income taxes under Section 149 of the *Income Tax Act*.

### 2. Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises (GAAP).

As a government business enterprise, Canadian public sector accounting standards require the company to adhere to the standards applicable to publicly accountable enterprises in the Chartered Professional Accountants - Canada Handbook. Accordingly the company is required under Canadian generally accepted accounting principles to prepare its financial statements using International Financial Reporting Standards.

Management has determined that the internal reporting needs of the company and its shareholder, the Williams Lake Indian Band, are met through the use of Canadian accounting standards for private enterprises (ASPE) and, therefore, these financial statements have been prepared with that framework. Since ASPE is not designed necessarily to meet the needs of all users of the financial statements of a government business enterprise, the readers of these financial statements may require additional information.

### 3. Summary of significant accounting policies

#### 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.

#### Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life on a declining balance basis at the following rates:

Buildings	5%
Computer equipment	30%
Forklifts	30%
Forklift under capital lease	30%
Manufacturing equipment	30%
Processing equipment	20%
Signs	20%
Site improvements	10%

The company regularly reviews its property, plant and equipment to eliminate obsolete items.

(continues)



## SUGAR CANE DEVELOPMENT CORPORATION

### Notes to Financial Statements

Year Ended March 31, 2016

(Unaudited)

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#### 3. Summary of significant accounting policies (continued)

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

##### Revenue recognition

The company recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers;
- there is clear evidence that an arrangement exists;
- amounts are fixed or can be determined; and
- the ability to collect is reasonably assured.

##### Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### 4. Financial Instruments

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of March 31, 2016.

##### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The company has a significant number of customers which minimizes concentration of credit risk.

There is no change in the risk exposure from the previous period.

##### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities. The company is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

There is no change in the risk exposure from the previous period.

# SUGAR CANE DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended March 31, 2016

(Unaudited)

### 5. Accounts receivable

	<u>2016</u>	<u>2015</u>
Trade receivables	\$ 31,850	\$ 13,725

### 6. Property, plant and equipment

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Buildings	\$ 638,758	\$ 334,199	\$ 304,559	\$ 320,589
Computer equipment	11,287	11,033	254	363
Forklifts	42,166	42,166	-	-
Forklift under capital lease	20,318	19,092	1,226	1,752
Manufacturing equipment	213,969	209,920	4,049	5,785
Processing equipment	63,455	54,686	8,769	10,961
Signs	6,980	6,261	719	899
Site improvements	16,749	10,679	6,070	6,645
	<u>\$ 1,013,682</u>	<u>\$ 688,036</u>	<u>\$ 325,646</u>	<u>\$ 346,994</u>

Included in amortization is \$526 (2015 - \$751) related to equipment under capital lease

### 7. Accounts payable and accrued liabilities

	<u>2016</u>	<u>2015</u>
Trade payables	\$ 5,598	\$ 4,873
Government remittances	1,073	825
West Fraser Mills	119,640	119,640
Contractor holdback payable	123,382	-
	<u>\$ 249,693</u>	<u>\$ 125,338</u>

### 8. Due to / from related parties

	<u>2016</u>	<u>2015</u>
Long term portion due from related parties		
Borland Creek Logging Ltd.	\$ -	\$ 124
Sugar Cane Enterprises Ltd.	589,787	589,787
Sugar Cane Wood Products Ltd.	11,886	11,886
	<u>\$ 601,673</u>	<u>\$ 601,797</u>
Long term portion due to related party		
Sugar Cane TreadPro Limited	\$ -	\$ 3,531

Advances due to and from these commonly controlled companies are unsecured, non-interest bearing and have no specific terms of repayment.

# SUGAR CANE DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended March 31, 2016

(Unaudited)

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### 9. Due to shareholder

	<u>2016</u>	<u>2015</u>
Williams Lake Indian Band	<u>\$ 996,254</u>	<u>\$ 1,369,254</u>

The amount due to shareholder is non-interest bearing, has no set repayment terms and is secured by promissory notes. The shareholder has postponed repayment in favour of the bank. Accordingly, the amount due to the shareholder has been classified as a long term liability.

### 10. Contingent liability

During the course of the year the company may be a defendant in a lawsuit. The company reviews any claims or potential claims made against it on a yearly basis to determine if they would be covered by insurance, and if not, whether a claim that would not be successfully defended would have a material effect on the financial statements.

The company is not aware of any claims or potential claims that if not successfully defended would have a material effect on the financial statements. If a claim was paid as a result of the outcome of litigation it would be treated as an expenditure.

**SUGAR CANE DEVELOPMENT CORPORATION**

**Notes to Financial Statements**

**Year Ended March 31, 2016**

*(Unaudited)*

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**11. Share capital**

Authorized:

10,000 Common shares with a par value of \$1 each

Issued:

3 Common shares

	<u>2016</u>		<u>2015</u>	
	<u>\$</u>	<u>3</u>	<u>\$</u>	<u>3</u>