

**SUGAR CANE ENTERPRISES LTD.**

**Financial Statements**

**Year Ended March 31, 2016**

*(Unaudited)*

**SUGAR CANE ENTERPRISES LTD.**

**Index to Financial Statements**

**Year Ended March 31, 2016**

*(Unaudited)*

---

	Page
REVIEW ENGAGEMENT REPORT	1
FINANCIAL STATEMENTS	
Balance Sheet	2
Statement of Deficit	3
Statement of Loss	4
Statement of Cash Flow	5
Notes to Financial Statements	6 - 10



D. Kane Fraser, CPA, CA\*  
Partner

Ryan Broughton, CPA, CA\*  
Partner

\*Denotes incorporated professional

## REVIEW ENGAGEMENT REPORT

To the Shareholder of Sugar Cane Enterprises Ltd.

We have reviewed the balance sheet of Sugar Cane Enterprises Ltd. as at March 31, 2016 and the statements of deficit, loss 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 Enterprises Ltd. 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 Enterprises Ltd. and should not be used by parties other than the Williams Lake Indian Band and Sugar Cane Enterprises Ltd.

Williams Lake, British Columbia  
July 18, 2016

A handwritten signature of 'FBB' in black ink, written in a stylized, bold font.

FBB Chartered Professional Accountants LLP

**SUGAR CANE ENTERPRISES LTD.****Balance Sheet****March 31, 2016***(Unaudited)*

	2016	2015
<b>Assets</b>		
Current		
Accounts receivable (Note 5)	\$ 22,003	\$ 20,816
Inventory	4,115	4,115
	<u>26,118</u>	<u>24,931</u>
Property, plant and equipment (Note 6)	3,011,450	3,045,652
Loan application fees	4,000	5,600
	<u>\$ 3,041,568</u>	<u>\$ 3,076,183</u>
<b>Liabilities</b>		
Current		
Bank indebtedness (Note 7)	\$ 50,893	\$ 39,533
Callable debt (Note 8)	-	134,259
Accounts payable and accrued liabilities (Note 9)	59,164	23,811
Current portion of long term debt (Note 10)	-	43,794
	<u>110,057</u>	<u>241,397</u>
Long term debt (Note 10)	-	1,223,260
Deferred income	-	6,477
Due to related parties (Note 11)	612,108	607,296
Due to shareholder (Note 12)	2,668,148	1,278,482
	<u>3,390,313</u>	<u>3,356,912</u>
<b>Shareholder's Deficiency</b>		
Share capital (Note 14)	3	3
Contributed surplus (Note 15)	95,904	95,904
Deficit	(444,652)	(376,636)
	<u>(348,745)</u>	<u>(280,729)</u>
	<u>\$ 3,041,568</u>	<u>\$ 3,076,183</u>

**APPROVED BY THE DIRECTORS**

 \_\_\_\_\_ Director


 \_\_\_\_\_ Director

The accompanying notes are an integral part of this statement.

**SUGAR CANE ENTERPRISES LTD.**

**Statement of Deficit**

**Year Ended March 31, 2016**

*(Unaudited)*

	<u>2016</u>	<u>2015</u>
<b>Deficit - beginning of year</b>	<b>\$ (376,636)</b>	<b>\$ (237,474)</b>
<b>Net loss for the year</b>	<b>(68,016)</b>	<b>(139,162)</b>
<b>Deficit - end of year</b>	<b><u>\$ (444,652)</u></b>	<b><u>\$ (376,636)</u></b>

The accompanying notes are an integral part of this statement.

**SUGAR CANE ENTERPRISES LTD.****Statement of Loss****For the Year Ended March 31, 2016***(Unaudited)*

	<b>2016</b>	<b>2015</b>
<b>Revenue</b>		
Golf course	\$ 131,009	\$ 154,469
Chief Will-Yum campsite	-	37,564
Other	61,304	250
Liquor and concession sales	6,818	9,754
	<u>199,131</u>	<u>202,037</u>
<b>Direct costs</b>	<u>6,534</u>	<u>8,490</u>
Gross profit (97%; 2015 - 96%)	<u>192,597</u>	<u>193,547</u>
<b>Expenses</b>		
Advertising and promotion	8,478	4,719
Amortization	34,203	43,556
Bad debts	-	750
Business taxes and licences	125	522
Fuel and oil	6,666	9,333
Freight	989	188
Insurance	8,398	7,719
Bank charges and interest	8,337	7,661
Interest on long term debt	26,163	70,947
Administration	1,500	3,500
Consultants	480	7,000
Professional fees	6,968	8,992
Rental	-	212
Repairs and maintenance	34,126	32,371
Wages and benefits	107,843	108,770
Supplies	4,487	6,068
Travel	2,411	5,020
Telephone and utilities	9,439	15,381
	<u>260,613</u>	<u>332,709</u>
<b>Net loss for the year</b>	<u>\$ (68,016)</u>	<u>\$ (139,162)</u>

The accompanying notes are an integral part of this statement.

**SUGAR CANE ENTERPRISES LTD.****Statement of Cash Flow****Year Ended March 31, 2016***(Unaudited)*

	2016	2015
<b>Operating activities</b>		
Net loss for the year	\$ (68,016)	\$ (139,162)
Item not affecting cash:		
Amortization of property, plant and equipment	34,203	43,556
	<u>(33,813)</u>	<u>(95,606)</u>
Changes in non-cash working capital:		
Accounts receivable	(1,187)	(217)
Inventory	-	(3,740)
Accounts payable and accrued liabilities	35,352	14,026
Deferred income	(6,477)	6,477
Loan application fees	1,600	1,600
	<u>29,288</u>	<u>18,146</u>
Cash flow used by operating activities	<u>(4,525)</u>	<u>(77,460)</u>
<b>Financing activities</b>		
Advances from (to) related parties	4,812	(7,168)
Advances from shareholder	1,389,666	220,307
Repayment of callable debt	(134,259)	(49,905)
Repayment of long term debt	(1,267,054)	(77,544)
	<u>(6,835)</u>	<u>85,690</u>
Cash flow from (used by) financing activities	<u>(6,835)</u>	<u>85,690</u>
<b>Increase (decrease) in cash flow</b>	<b>(11,360)</b>	<b>8,230</b>
Deficiency - beginning of year	<u>(39,533)</u>	<u>(47,763)</u>
<b>Deficiency - end of year</b>	<b>\$ (50,893)</b>	<b>\$ (39,533)</b>
<b>Cash flow supplementary information</b>		
Interest paid	<u>\$ 34,503</u>	<u>\$ 78,606</u>

The accompanying notes are an integral part of this statement.

# SUGAR CANE ENTERPRISES LTD.

## Notes to Financial Statements

Year Ended March 31, 2016

(Unaudited)

### 1. Description of business

Sugar Cane Enterprises Ltd. (the "company") is a municipally owned corporation incorporated under the *Business Corporations Act* of British Columbia for purposes of economic development of the Williams Lake Indian Band. The company is exempt from taxes under subsection 149 of the *Income Tax Act*.

### 2. Basis of presentation

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

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 - Accounting. 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 in accordance 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.

#### Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is laid-in cost and includes all costs associated with acquisition.

#### 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 and methods:

Construction equipment	30%
Equipment	20%

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

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

(continues)



# SUGAR CANE ENTERPRISES LTD.

## Notes to Financial Statements

Year Ended March 31, 2016

(Unaudited)

---

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

#### Golf course

The golf course property is recorded at cost. Cost includes all expenditures incurred in connection with the acquisition, development and construction of the property. These expenditures consist of all direct costs, interest on specific debt and an allocation of overhead.

Net results of operations prior to the earlier of:

- a) attaining break even cash flow after debt servicing, or
- b) the expiration of a reasonable period of time following substantial completion,

are treated as an increase in or a decrease in costs.

#### 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 amounts 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.

(continues)

**SUGAR CANE ENTERPRISES LTD.****Notes to Financial Statements****Year Ended March 31, 2016***(Unaudited)***4. Financial instruments (continued)**

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.

**5. Accounts receivable**

	<u>2016</u>	<u>2015</u>
Trade receivables	\$ 2,116	\$ 1,218
Government receivables	20,237	19,948
Subtotal	22,353	21,166
Allowance for doubtful accounts	(350)	(350)
	<u>\$ 22,003</u>	<u>\$ 20,816</u>

**6. Property, plant and equipment**

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Asphalt and parking areas	\$ 23,000	\$ 4,311	\$ 18,689	\$ 20,314
Golf course	2,872,414	-	2,872,414	2,872,414
Equipment	204,940	98,541	106,399	132,999
Other machinery and equipment	40,664	26,716	13,948	19,925
	<u>\$ 3,141,018</u>	<u>\$ 129,568</u>	<u>\$ 3,011,450</u>	<u>\$ 3,045,652</u>

**7. Bank indebtedness**

	<u>2016</u>	<u>2015</u>
Bank of Montreal chequing account	\$ 50,893	\$ 39,773
Petty cash	-	(240)
	<u>\$ 50,893</u>	<u>\$ 39,533</u>

Bank advances are repayable on demand at the bank's prime rate plus 0.50%. The line of credit has an authorized limit of \$50,000 and is secured by a general security agreement and the guarantee of the Williams Lake Indian Band.

The bank's prime rate as at March 31, 2016 was 2.7%.

**SUGAR CANE ENTERPRISES LTD.****Notes to Financial Statements****Year Ended March 31, 2016***(Unaudited)***8. Callable debt**

	<u>2016</u>	<u>2015</u>
Bank of Montreal	\$ -	\$ 120,000
Bank of Montreal	-	14,259
	<u>\$ -</u>	<u>\$ 134,259</u>

**9. Accounts payable and accrued liabilities**

	<u>2016</u>	<u>2015</u>
Trade payables	\$ 59,164	\$ 22,403
Government remittances	-	1,316
Wages payable	-	92
	<u>\$ 59,164</u>	<u>\$ 23,811</u>

**10. Long term debt**

	<u>2016</u>	<u>2015</u>
Bank of Montreal	\$ -	\$ 1,267,054
Amounts payable within one year	-	(43,794)
	<u>\$ -</u>	<u>\$ 1,223,260</u>

**11. Due to related parties**

	<u>2016</u>	<u>2015</u>
Long term portion due to related parties		
Sugar Cane Development Corporation	\$ 591,287	\$ 589,787
Borland Creek Logging	-	758
Sugarcane Petroleum Products Corporation	14,489	14,489
Sugar Cane TreadPro Limited	-	2,262
Chief William RV-Campsite Ltd.	6,332	-
	<u>\$ 612,108</u>	<u>\$ 607,296</u>

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

**SUGAR CANE ENTERPRISES LTD.**

**Notes to Financial Statements**

**Year Ended March 31, 2016**

*(Unaudited)*

**12. Due to shareholder**

	<u>2016</u>	<u>2015</u>
Long term portion due to shareholder Williams Lake Indian Band	<u>\$ 2,668,148</u>	<u>\$ 1,278,482</u>

The amount due to shareholder is non-interest bearing, has no set repayment terms and is unsecured.

**13. 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.

**14. Share capital**

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

	<u>2016</u>	<u>2015</u>
Issued: 3 Common shares	<u>\$ 3</u>	<u>\$ 3</u>

**15. Contributed surplus**

	<u>2016</u>	<u>2015</u>
Contributed surplus	<u>\$ 95,904</u>	<u>\$ 95,904</u>

Contributed surplus consists of grant monies received by the Williams Lake Indian Bank for delivery of services contracted with Sugar Cane Development Corporation, a related party, and a wholly owned subsidiary of the Williams Lake Indian Band. The funds were expended on behalf of Sugar Cane Enterprises Ltd. for design feasibility and construction of the golf course.