

**LIL'WAT NATION**  
**FINANCIAL STATEMENTS**  
**For the year ended March 31, 2016**

**LIL'WAT NATION**  
**TABLE OF CONTENTS**  
**For the year ended March 31, 2016**

---

<b>Management's Responsibility for Financial Reporting</b>	<b>2</b>
<b>Independent Auditor's Report</b>	<b>3 - 4</b>
<b>Financial Statements</b>	
Statement of Financial Position	<b>5</b>
Statement of Financial Activity	<b>6</b>
Statement of Change in Net Financial Assets	<b>7</b>
Statement of Cash Flows	<b>8</b>
Summary of Significant Accounting Policies	<b>9 - 11</b>
Notes to Financial Statements	<b>12 - 32</b>

---

## Management's Responsibility for Financial Reporting

---

The accompanying financial statements of the Lil'wat Nation are the responsibility of management and have been approved by the Chiefs and Council.

The financial statements have been prepared by management using the basis of accounting described in the summary of significant accounting policies. Financial statements are not precise since they include certain amounts based on estimates and 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.

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

The Lil'wat Nation is responsible for ensuring that the management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Chiefs and Council carry out this responsibility through the Finance Committee.

The Finance Committee reviews the financial statements and recommends their approval. The Finance Committee meets periodically with management, as well as the external auditors, 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 external auditor's report. The Chiefs and Council also considers the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to the Chiefs and Council.

Approved on behalf of the Band Council

 Chief

 Chairperson of Finance and Audit Committee

 Chief Administrative Officer

---

## Independent Auditor's Report

---

### To the Members of the Lil'wat Nation

We have audited the accompanying financial statements of the Lil'wat Nation, which comprise the statement of financial position as at March 31, 2016, and the statement of financial activity, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Lil'wat Nation as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Other Matter

The Lil'wat Nation has also prepared another set of financial statements for the the year ended March 31, 2016 in accordance with Canadian public sector accounting standards. However, these financial statements include unaudited supplementary schedules which present detailed program revenues and expenditures prepared to assist management of the Lil'wat Nation to meet the reporting requirements of various funding agencies. Our audit report on the other set of financial statements was issued to Chief and Council of the Lil'wat Nation and was dated July 26, 2016.

*BDO Canada LLP*

Chartered Professional Accountants

Kelowna, British Columbia  
July 26, 2016

**LIL'WAT NATION**  
**Statement of Financial Position**

<b>March 31</b>	<b>2016</b>	<b>2015</b>
<b>Financial Assets</b>		
Restricted cash (Note 1)	2,505,459	2,846,511
Restricted temporary investments (Note 2)	6,885,901	6,763,288
Accounts receivable (Note 3)	1,293,464	1,117,526
Due from related entities (Note 4)	222,514	535,688
Investment in business enterprises and partnerships (Note 5)	8,324,822	6,554,203
Ottawa Trust Funds	276,752	263,286
	<u>19,508,912</u>	<u>18,080,502</u>
<b>Financial Liabilities</b>		
Bank indebtedness (Note 6)	1,216,730	1,074,869
Accounts payable and accrued liabilities (Note 7)	2,184,553	1,605,327
Deferred revenue (Note 8)	3,767,187	3,611,371
Due to related entities (Note 4)	552,199	577,250
Obligation under capital lease (Note 9)	90,179	84,116
Long term debt (Note 10)	7,808,085	7,984,174
	<u>15,618,933</u>	<u>14,937,107</u>
<b>Net Financial Assets</b>	<b>3,889,979</b>	<b>3,143,395</b>
<b>Non - Financial Assets</b>		
Tangible capital assets (Note 11)	44,170,906	43,846,123
Prepaid expenses	114,677	234,475
	<u>44,285,583</u>	<u>44,080,598</u>
<b>Accumulated Surplus (Note 12)</b>	<b>\$ 48,175,562</b>	<b>\$ 47,223,993</b>

Approved on behalf of the Band Council

 Chief

 Chairperson of Finance and Audit Committee

 Chief Administrative Officer

**LIL'WAT NATION**  
**Statement of Financial Activity**

<b>For the year ended March 31</b>	<b>Budget</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	\$ 8,971,882	\$ 8,698,324	\$ 8,889,974
Canada Mortgage and Housing Corporation	195,582	157,396	162,514
Department of Fisheries and Oceans Canada	225,000	323,000	244,349
First Nations Education Steering Committee	314,385	370,464	387,388
First Nations Health Authority	2,296,060	2,129,396	2,050,938
Province of British Columbia	1,145,083	1,212,666	1,347,934
Rental income	871,600	806,333	848,687
Sto:Lo Aboriginal Skills & Employment Training	253,500	344,871	292,533
Other income	7,167,855	3,460,552	2,907,080
Income from business enterprises and partnerships	-	1,770,619	1,307,753
Interest income	-	8,562	4,789
BC special grant	-	5,028	5,055
	<b>21,440,947</b>	<b>19,287,211</b>	<b>18,448,994</b>
<b>Expenses (Note 18)</b>			
Operations Fund	15,309,806	13,446,450	13,902,497
Capital Fund	2,854,039	684,265	24,117
Xit'olacw Housing Fund	590,299	515,758	479,152
Xit'olacw Community School Fund	3,766,421	3,625,052	3,339,166
Funding agency recoveries (repayments)	-	15,829	(13,811)
CMHC approved expenditures	-	48,288	10,500
	<b>22,520,565</b>	<b>18,335,642</b>	<b>17,741,621</b>
<b>Annual surplus (deficit)</b>	<b>(1,079,618)</b>	<b>951,569</b>	<b>707,373</b>
<b>Accumulated surplus, beginning of year</b>	<b>47,223,993</b>	<b>47,223,993</b>	<b>46,516,620</b>
<b>Accumulated surplus (Note 12), end of year</b>	<b>\$ 46,144,375</b>	<b>\$ 48,175,562</b>	<b>\$ 47,223,993</b>

**LIL'WAT NATION**  
**Statement of Change in Net Financial Assets**

<b>For the year ended March 31</b>	<b>Budget</b>	<b>2016</b>	<b>2015</b>
<b>Annual surplus (deficit)</b>	<b>\$ (1,079,618)</b>	<b>\$ 951,569</b>	<b>\$ 707,373</b>
Acquisition of tangible capital assets (Note 11)	(2,441,900)	(1,687,026)	(1,128,122)
Amortization of tangible capital assets (Note 11)	1,125,940	1,362,243	1,317,124
Change in prepaid expenses	-	119,798	(57,316)
	<b>(2,395,578)</b>	<b>746,584</b>	<b>839,059</b>
<b>Net financial assets, beginning of year</b>	<b>3,143,395</b>	<b>3,143,395</b>	<b>2,304,336</b>
<b>Net financial assets, end of year</b>	<b>\$ 747,817</b>	<b>\$ 3,889,979</b>	<b>\$ 3,143,395</b>



**LIL'WAT NATION**  
**Statement of Cash Flows**

For the year ended March 31	2016	2015
<b>Cash flows provided by (used in) operating activities</b>		
Cash receipts from all funding sources	\$ 17,431,837	\$ 17,397,495
Cash paid to employees and suppliers	(15,920,216)	(16,360,694)
Interest paid	(250,789)	(296,717)
	<u>1,260,832</u>	<u>740,084</u>
<b>Cash flows provided by (used in) capital activities</b>		
Purchase of tangible capital assets	<u>(1,687,026)</u>	<u>(1,128,122)</u>
<b>Cash flows provided by (used in) investing activities</b>		
Change in long term investments	-	89,607
Purchase of short term restricted temporary investments	(122,613)	(611,076)
Change in Ottawa trust funds	(13,466)	(9,844)
	<u>(136,079)</u>	<u>(531,313)</u>
<b>Cash flows provided by (used in) financing activities</b>		
Issuance of long term debt	537,433	411,857
Repayment of long term debt	(712,969)	(707,573)
Repayment of capital leases	(33,227)	(23,579)
Advances from related parties	288,123	549,047
	<u>79,360</u>	<u>229,752</u>
<b>Decrease in cash and bank indebtedness</b>	<b>(482,913)</b>	<b>(689,599)</b>
<b>Cash and bank indebtedness, beginning of year</b>	<b><u>1,771,642</u></b>	<b><u>2,461,241</u></b>
<b>Cash and bank indebtedness, end of year</b>	<b><u>\$ 1,288,729</u></b>	<b><u>\$ 1,771,642</u></b>
<b>Represented by:</b>		
Restricted cash	2,505,459	2,846,511
Bank indebtedness	<u>(1,216,730)</u>	<u>(1,074,869)</u>
	<b><u>\$ 1,288,729</u></b>	<b><u>\$ 1,771,642</u></b>

---

## **LIL'WAT NATION**

### **Summary of Significant Accounting Policies**

**March 31, 2016**

---

<b>Basis of Presentation</b>	It is the policy of the Lil'wat Nation (the "First Nation") to follow accounting principles generally accepted for First Nations in the Province of British Columbia. They have been prepared using guidelines issued by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. The First Nation provides services such as band government, public works, social development, community health, advanced education, economic development, land and resources, housing and community school.
<b>Reporting Entity</b>	The Lil'wat Nation reporting entity includes the Lil'wat Nation Council and all related entities which are accountable for the administration of their financial affairs and resources to the First Nation and are either owned or controlled by the First Nation.
<b>Principles of Financial Reporting</b>	<p>These financial statements include on a modified equity basis the assets, liabilities and results of operations of the following organizations which use accounting principles which lend themselves to combine on a modified equity basis with the Lil'wat Nation:</p> <ul style="list-style-type: none"><li>- Lil'wat Holdings Limited Partnership</li><li>- 0773099 BC Ltd.</li><li>- 0775448 BC Ltd.</li><li>- 0780174 BC Ltd.</li><li>- 0780176 BC Ltd.</li><li>- 0780179 BC Ltd.</li><li>- 0780182 BC Ltd.</li><li>- 0780185 BC Ltd.</li><li>- 0781316 BC Ltd.</li><li>- 0781242 BC Ltd.</li><li>- 0915799 BC Ltd.</li><li>- Baxter Creek Limited Partnership</li></ul>
<b>Fund Accounting</b>	<p>The Lil'wat Nation is segregated into various funds for accounting and financial reporting purposes. Each fund is treated as a separate entity with responsibility for stewardship of the assets allocated to it.</p> <p>The funds and enterprises of the Lil'wat Nation are as follows:</p> <ul style="list-style-type: none"><li>- Operations Fund</li><li>- Capital Fund</li><li>- Xit'olacw Housing Fund</li><li>- Xit'olacw Community School Fund</li></ul>
<b>Cash and Cash Equivalents</b>	Cash and cash equivalents includes cash and investments in money market funds with maturity dates within one year.

---

## LIL'WAT NATION

### Summary of Significant Accounting Policies

**March 31, 2016**

---

<b>Leased Assets</b>	Leases entered into, that transfer substantially all the benefits and risks associated with ownership, are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.								
<b>Government Transfers</b>	Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.								
<b>Budget Figures</b>	The budget figures are approved annually by the Chiefs and Council. They have been reallocated to conform to PSAB financial statement presentation. Subsequent amendments have been made by the Chiefs and Council to reflect changes in the budget, as required.								
<b>Tangible Capital Assets</b>	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:</p> <table><tr><td>Buildings</td><td>25 years</td></tr><tr><td>Community infrastructure</td><td>20 - 75 years</td></tr><tr><td>Equipment</td><td>5 - 20 years</td></tr><tr><td>Assets under construction</td><td>Nil</td></tr></table>	Buildings	25 years	Community infrastructure	20 - 75 years	Equipment	5 - 20 years	Assets under construction	Nil
Buildings	25 years								
Community infrastructure	20 - 75 years								
Equipment	5 - 20 years								
Assets under construction	Nil								
<b>Impairment of Long Lived Assets</b>	In the event that facts and circumstances indicate that the First Nation's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. The First Nation considers that no circumstances exist that would require such an evaluation.								

---

**LIL'WAT NATION**  
**Summary of Significant Accounting Policies**

**March 31, 2016**

---

<b>Revenue Recognition</b>	<p>Government funding is recognized as it becomes receivable under the terms of applicable funding agreements. Revenue received under funding agreements which relates to a subsequent fiscal period is recognized as revenue in the period in which the resources are used for the purpose or purposes specified.</p> <p>Rental revenue is recognized as it becomes receivable under the terms of the rental agreement.</p> <p>Sales of service and other revenue is recognized on an accrual basis.</p> <p>All other revenue is recognized as it is earned.</p>
<b>Deferred Revenue</b>	<p>Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of financial activity in the year in which it is used for the specified purpose.</p>
<b>Financial Instruments</b>	<p>The First Nation recognizes and measures financial assets and financial liabilities on the statement of financial position when it becomes a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a trade date or settlement date basis. All financial instruments are measured at fair value on initial recognition. Financial instruments are subsequently measured at amortized cost as the First Nation has not entered into any derivative contracts and it does not hold any investments in equity instruments quoted on an active market. Since no financial instruments are measured at fair value after initial recognition, a Statement of Remeasurement Gains and Losses has not been presented in these financial statements.</p>
<b>Use of Estimates</b>	<p>The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>

**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

**1. Restricted Cash**

	2016	2015
Xit'olacw Housing Operations		
Replacement reserve (Note 13)	\$ 461,307	\$ 451,183
Operating reserve (Note 14)	40,801	-
Restricted funds	<u>8,889,252</u>	<u>9,158,616</u>
	<u>\$ 9,391,360</u>	<u>\$ 9,609,799</u>

**Restricted Cash is represented by:**

Restricted cash	\$ 2,505,459	\$ 2,846,511
Restricted temporary investments (Note 2)	<u>6,885,901</u>	<u>6,763,288</u>
	<u>\$ 9,391,360</u>	<u>\$ 9,609,799</u>

**2. Restricted Temporary Investments**

Included in the restricted cash amounts in Note 1 are short term investments. The First Nation holds guaranteed investment certificates ("GIC's") in a chartered bank with the following terms:

	2016	2015
Investment cash account	\$ 798	\$ 18,193
Short-term investment, interest paid at 2.00%, matures February 26, 2017	495,932	-
Short-term investment, interest paid at 2.10%, matures March 3, 2017	496,805	-
Short-term investment, interest paid at 2.00%, matures November 16, 2023	499,789	-
GIC, interest paid on maturity at 1.75% on July 17, 2017	582,148	-
GIC, interest paid on maturity at 1.50% on December 9, 2016	780,598	-
GIC, interest paid on maturity at 2.00% on December 12, 2016	792,823	792,793
GIC, interest paid on maturity at 1.60% on March 13, 2017	500,395	500,393
GIC, interest paid on maturity at 1.80% on March 13, 2018	500,444	500,443
GIC, interest paid on maturity at 1.65% on March 19, 2018	1,231,723	-
GIC, interest paid on maturity at 1.95% on November 5, 2019	503,916	-
GIC, interest paid on maturity at 2.15% on March 13, 2020	500,530	500,529
GIC's, matured during the year	-	4,450,937
	<u>\$ 6,885,901</u>	<u>\$ 6,763,288</u>

Funds held in temporary investments represent those monies that the Lil'wat Nation has committed for expenditures for future capital and economic development projects of the First Nation.

**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

**3. Accounts Receivable**

	<u>2016</u>	<u>2015</u>
Current	\$ 2,929,027	\$ 2,688,456
Long term	500,194	500,194
	<u>3,429,221</u>	<u>3,188,650</u>
Allowance for doubtful accounts	<u>(2,135,757)</u>	<u>(2,071,124)</u>
	<u>\$ 1,293,464</u>	<u>\$ 1,117,526</u>

**4. Due To/From Related Entities**

**Due From Related Entities**

	<u>2016</u>	<u>2015</u>
Lil'wat Construction Enterprises Limited Partnership	\$ 93,656	\$ 257,901
Lil'wat Capital Assets Limited Partnership	128,858	271,258
Lil'wat Retail Operations Limited Partnership	-	6,529
	<u>\$ 222,514</u>	<u>\$ 535,688</u>

**Due To Related Entities**

	<u>2016</u>	<u>2015</u>
Lil'wat Forestry Ventures Limited Partnership	\$ 152,904	\$ 158,041
Lil'wat Management Services Limited Partnership	16,125	26,837
0915799 BC Ltd.	1	1
Lil'wat Retail Operations Limited Partnership	2,134	-
Squamish Lil'wat Cultural Centre	<u>381,035</u>	<u>392,371</u>
	<u>\$ 552,199</u>	<u>\$ 577,250</u>

**Related Party Transactions**

During the year, the Lil'wat Nation received administration fees from a related party, Lil'wat Management Services Limited Partnership, in the amount of \$77,942 (2015 - \$73,399).

During the year, the Lil'wat Nation received administration fees from a related party, Lil'wat Construction Enterprises Limited Partnership, in the amount of \$5,859 (2015 - \$9,096).

During the year, the Lil'wat Nation received a contribution towards the Wedge Creek Project from a related party, Lil'wat Construction Enterprises Limited Partnership, in the amount of \$95,266 (2015 - \$50,000).

## LIL'WAT NATION

### Notes to Financial Statements

**March 31, 2016**

#### 4. Due To/From Related Entities (continued)

##### Related Party Transactions (continued)

During the year, the Lil'wat Nation received land lease income from a related party, Lil'wat Capital Assets Limited Partnership, for land held in trust in the amount of \$82,374 (2015 - \$52,000).

During the year, the Lil'wat Nation received administration fees and off-reserve land lease income from a related party, Lil'wat Forestry Ventures Limited Partnership, in the amount of \$52,239 (2015 - \$6,340).

During the year, the Lil'wat Nation incurred expenses on behalf of Lil'wat Construction Enterprises Limited Partnership in the amount of \$53,003 (2015 - \$56,210).

During the year, the Lil'wat Nation paid management fees to Lil'wat Management Services Limited Partnership in the amount of \$23,120 (2015 - \$26,837).

During the year, the Lil'wat Nation contributed \$233,686 (2015 - \$247,114) to the Squamish Lil'wat Cultural Centre.

The amounts due to and from related parties bear no interest and have no fixed terms of repayment. The transactions have occurred in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties).

#### 5. Investment in Business Enterprises and Partnerships

	2016	2015
0773099 BC Ltd., 50% owned by the Lil'wat Nation	\$ 1	\$ 1
0775448 BC Ltd., wholly owned by the Lil'wat Nation	2	2
0780174 BC Ltd., 50% owned by the Lil'wat Nation	1	1
0780176 BC Ltd., 50% owned by the Lil'wat Nation	1	1
0780179 BC Ltd., 50% owned by the Lil'wat Nation	1	1
0780182 BC Ltd., 50% owned by the Lil'wat Nation	1	1
0780185 BC Ltd., 50% owned by the Lil'wat Nation	1	1
0781242 BC Ltd., 50% owned by the Lil'wat Nation	1	1
0781316 BC Ltd., 50% owned by the Lil'wat Nation	1	1
0915799 BC Ltd., wholly owned by the Lil'wat Nation	1	1
Baxter Creek Limited Partnership, 50% held by the Lil'wat Nation	2,500,000	2,500,000
Lil'wat Holdings Limited Partnership, 99.99% of partnership shares held by the Lil'wat Nation	5,824,811	4,054,192
	<u>\$ 8,324,822</u>	<u>\$ 6,554,203</u>

**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

**5. Investment in Business Enterprises and Partnerships (continued)**

The following summary discloses the condensed financial information of the business enterprises and partnerships:

(a) Summary of Financial Position	2016	2015
<b>Assets</b>		
Cash and short term investments	\$ 1,871,237	\$ 742,762
Accounts receivable	684,094	340,340
Inventory	220,171	320,502
Prepays and other assets	1,185,357	1,311,613
Forestry licenses	879,804	911,858
Long term investments	761,865	876,938
Tangible capital assets	4,393,367	4,369,963
<b>Total Assets</b>	<b>9,995,895</b>	<b>8,873,976</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	767,616	1,043,045
Due to related parties	38,045	344,803
Reforestation obligation	323,959	267,982
Long term debt	542,415	664,914
<b>Total Liabilities</b>	<b>1,672,035</b>	<b>2,320,744</b>
<b>Net Assets</b>	<b>\$ 8,323,860</b>	<b>\$ 6,553,232</b>
 <b>(b) Summary of Financial Activities</b>	 <b>2016</b>	 <b>2015</b>
Total Revenues	\$16,384,393	\$ 13,248,782
Total Expenses	14,333,765	11,941,021
<b>Income for the year</b>	<b>\$ 2,050,628</b>	<b>\$ 1,307,761</b>

**6. Bank Indebtedness**

The First Nation has a line of credit with a total credit limit of \$1,100,000 (2015 - \$1,100,000), bearing interest at prime plus 0.5% (2015 - prime plus 0.5%), secured by a general security agreement, payable in monthly payments of interest only. At March 31, 2016 the amount of line of credit utilized was \$1,020,000 (2015 - \$825,000).



**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

**7. Accounts Payable and Accrued Liabilities**

	<u>2016</u>	<u>2015</u>
Trade accounts payable	\$ 858,965	\$ 825,654
INAC	474,301	142,491
Accrued wages and benefits payable	428,078	453,702
Accrued liabilities	262,650	160,700
Other	160,559	22,780
	<u>\$ 2,184,553</u>	<u>\$ 1,605,327</u>

The following amounts are repayable to Indigenous and Northern Affairs Canada ("INAC"):

	<u>2016</u>	<u>2015</u>
ACRS 2014 #3289	\$ 4,545	\$ 20,965
NP85-Basic Needs (2014/15) #5147	76,836	95,630
NP85-Basic Needs (2015/16) #5147	312,132	-
NP87-Child Out Of Parental Home Allowance (2014/15)#5566	25,896	25,896
NP87-Child Out Of Parental Home Allowance (2015/16)#5566	44,412	-
NP8L-Special Needs (2015/16)	10,480	-
	<u>\$ 474,301</u>	<u>\$ 142,491</u>

**8. Deferred Revenue**

	<u>2016</u>	<u>2015</u>
Deferred INAC revenue		
Capital Surplus Projects #5344	\$ 43,119	\$ 43,119
Wastewater (under \$1.5M) - IR#6 Sewage Disposal #11694	65,105	-
	108,224	43,119
Other deferred revenue		
Common Experience Payment Program	157,780	-
First Nations Health Authority	175,311	19,909
Insurance proceeds	109,113	175,000
Lil'wat Housing Legacy	3,141,775	3,254,504
New Relationship Trust	-	21,010
Province of British Columbia	6,557	10,557
Ullus Funding - Lift	38,483	38,483
Other	29,944	48,789
	<u>3,658,963</u>	<u>3,568,252</u>
	<u>\$ 3,767,187</u>	<u>\$ 3,611,371</u>

**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

**9. Obligation Under Capital Lease**

	<u>2016</u>	<u>2015</u>
Royal Bank - Capital Fund - Payable in monthly payments of \$750 including interest at 4.72%, secured by specific assets, maturing March 2018	\$ 17,137	\$ 25,120
Royal Bank - Capital Fund - Payable in monthly payments of \$1,596 including interest at 4.71%, secured by specific assets, maturing July 2018	42,264	58,996
Royal Bank - Capital Fund - Payable in monthly payments of \$880 including interest at 3.59%, secured by specific assets, maturing April 2019	<u>30,778</u>	<u>-</u>
	90,179	84,116
Less current portion	<u>35,516</u>	<u>24,715</u>
	<u>\$ 54,663</u>	<u>\$ 59,401</u>

The future minimum lease payments for the next four years are as follows:

2017	\$ 38,710
2018	38,710
2019	16,944
2020	<u>880</u>
	95,244
Less imputed interest	<u>(5,065)</u>
	<u>\$ 90,179</u>

**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

**10. Long Term Debt**

	<u>2016</u>	<u>2015</u>
<b>Operations Fund</b>		
CIBC - renovation loan, repayable in monthly installments of \$778, including interest at 3.29% per annum, maturing July 1, 2019, secured by ministerial guarantee agreement and CMHC insurance	\$ 60,216	\$ 67,554
Bank of Nova Scotia - loan repayable in monthly installments of \$4,692, including interest at 4.00% per annum, maturing April 1, 2017, secured by assignment of assets and a ministerial guarantee agreement	305,842	348,972
Royal Bank - Non-revolving demand loan, repayable in monthly installments of \$3,504, including interest at 2.93% per annum, maturing January 1, 2017, secured by assignment of assets and a ministerial guarantee agreement	257,187	291,154
Peace Hills Trust - loan repayable in monthly installments of \$1,000, including interest at 3.95% per annum, renewal date of March 1, 2018, secured by assignment of assets and a ministerial guarantee agreement	23,071	34,735
All Nations Trust Company - loan repayable in monthly installments of \$3,202, including interest at 5.24% per annum, maturing March 1, 2019, secured by ministerial guarantee agreement	362,401	383,126
Royal Bank - Non-revolving fixed rate term loan - repayable in monthly installments of \$27,700, including interest at 3.97% per annum, maturing January 31, 2018	2,292,478	2,529,055
Royal Bank - 0775448 BC Ltd Loan - repayable in monthly installments of \$9,933, including interest at prime plus 0.90% per annum, maturing May 30, 2016	<u>327,703</u>	<u>444,072</u>
Balance carried forward	<u>\$ 3,266,497</u>	<u>\$ 3,715,542</u>

**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

**10. Long Term Debt (continued)**

	<u>2016</u>	<u>2015</u>
Balance brought forward	\$ 3,266,497	\$ 3,715,542
<b>Xit'olacw Housing Operations</b>		
All Nations Trust Company - Phase 14 mortgage repayable in monthly installments of \$331 including interest at 1.92% per annum, renewal date of April 1, 2019, maturing March 1, 2024, secured by ministerial guarantee	29,427	32,797
All Nations Trust Company - Phase 14-2 mortgage repayable in monthly installments of \$1,680 including interest at 1.92% per annum, renewal date of April 1, 2019, maturing March 1, 2024, secured by ministerial guarantee	149,398	166,510
All Nations Trust Company - Phase 15 mortgage repayable in monthly installments of \$2,142 including interest at 1.08% per annum, renewal date of August 1, 2020, maturing April 1, 2025, secured by ministerial guarantee	222,348	244,744
All Nations Trust Company - Phase 16-2 mortgage repayable in monthly installments of \$755 including interest at 1.30% per annum, renewal date of December 1, 2020, maturing October 1, 2025, secured by ministerial guarantee	81,571	89,116
All Nations Trust Company - Phase 16-4 mortgage repayable in monthly installments of \$1,476 including interest at 1.30% per annum, renewal date of December 1, 2020, maturing October 1, 2025, secured by ministerial guarantee	<u>159,565</u>	<u>174,326</u>
Balance carried forward	<u>\$ 4,271,207</u>	<u>\$ 4,806,161</u>

**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

**10. Long Term Debt (continued)**

	<u>2016</u>	<u>2015</u>
Balance brought forward	\$ 4,271,207	\$ 4,806,161
<b>Xit'olacw Housing Operations</b>		
All Nations Trust Company - Phase 17 mortgage repayable in monthly installments of \$1,982 including interest at 1.64% per annum, renewal date December 1, 2016, maturing August 1, 2026, secured by ministerial guarantee	227,634	247,509
All Nations Trust Company - Phase 18 mortgage repayable in monthly installments of \$2,220 including interest at 1.67% per annum, renewal date April 1, 2017, maturing November 1, 2026, secured by ministerial guarantee	260,260	282,363
All Nations Trust Company - Elders Complex mortgage repayable in monthly installments of \$1,814 including interest at 1.65% per annum, renewal date June 1, 2017, maturing June 1, 2027, secured by ministerial guarantee	223,473	241,402
All Nations Trust Company - Phase 19 mortgage repayable in monthly installments of \$9,200 including interest at 1.30% per annum, renewal date December 1, 2020, maturing November 1, 2035, secured by ministerial guarantee	1,915,511	1,994,882
All Nations Trust Company - Phase 21 construction mortgage including interest at 3.11% per annum, renewal date December 1, 2020, maturing November 1, 2040, secured by ministerial guarantee	<u>910,000</u>	<u>411,857</u>
	7,808,085	7,984,174
Less current portion	<u>724,000</u>	<u>674,600</u>
	<u>\$ 7,084,085</u>	<u>\$ 7,309,574</u>

Principal repayments on long term debt for the next five years and thereafter are as follows, assuming mortgages are renewed on similar terms:

2017	\$ 724,000
2018	755,771
2019	730,603
2020	663,000
2021	683,000
Thereafter	<u>4,251,711</u>
	<u>\$ 7,808,085</u>

**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

**11. Tangible Capital Assets**

	<b>2016</b>					
	Land	Buildings	Community infrastructure	Equipment	Assets under construction	Total
Cost, beginning of year	\$ 17,107,661	\$ 29,185,906	\$ 13,727,357	\$ 2,311,544	\$ 901,612	\$ 63,234,080
Additions	-	164,379	27,801	94,549	1,400,297	1,687,026
Asset transfers	-	891,023	-	-	(891,023)	-
Cost, end of year	\$ 17,107,661	\$ 30,241,308	\$ 13,755,158	\$ 2,406,093	\$ 1,410,886	\$ 64,921,106
Accumulated amortization, beginning of year	\$ -	\$ 12,656,066	\$ 5,260,259	\$ 1,471,632	\$ -	\$ 19,387,957
Amortization	-	862,314	361,380	138,549	-	1,362,243
Accumulated amortization, end of year	\$ -	\$ 13,518,380	\$ 5,621,639	\$ 1,610,181	\$ -	\$ 20,750,200
Net carrying amount, end of year	\$ 17,107,661	\$ 16,722,928	\$ 8,133,519	\$ 795,912	\$ 1,410,886	\$ 44,170,906

Assets under capital leases in the amount of \$205,482 (2015 - \$166,191) with related accumulated amortization of \$59,975 (2015 - \$37,159) are included in equipment.

**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

**11. Tangible Capital Assets (continued)**

	2015					
	Land	Buildings	Community infrastructure	Equipment	Assets under construction	Total
Cost, beginning of year	\$ 17,107,661	\$ 28,620,018	\$ 13,249,655	\$ 2,277,260	\$ 851,364	\$ 62,105,958
Additions	-	33,672	158,554	34,284	901,612	1,128,122
Asset transfers	-	532,216	319,148	-	(851,364)	-
Cost, end of year	\$ 17,107,661	\$ 29,185,906	\$ 13,727,357	\$ 2,311,544	\$ 901,612	\$ 63,234,080
Accumulated amortization, beginning of year	\$ -	\$ 11,835,968	\$ 4,890,970	\$ 1,343,895	\$ -	\$ 18,070,833
Amortization	-	820,098	369,289	127,737	-	1,317,124
Accumulated amortization, end of year	\$ -	\$ 12,656,066	\$ 5,260,259	\$ 1,471,632	\$ -	\$ 19,387,957
Net carrying amount, end of year	\$ 17,107,661	\$ 16,529,840	\$ 8,467,098	\$ 839,912	\$ 901,612	\$ 43,846,123

# LIL'WAT NATION

## Notes to Financial Statements

**March 31, 2016**

### 12. Accumulated Surplus

The Lil'wat Nation segregates its accumulated surplus into the following categories:

	<u>2016</u>	<u>2015</u>
Equity in long term investments	\$ 8,324,822	\$ 6,554,203
Restricted equity for Xit'olacw Community School	231,384	231,384
Restricted equity - BC Hydro (Note 17)	5,719,904	5,743,798
Replacement reserve (Note 13)	445,040	440,494
Operating reserve (Note 14)	40,801	40,801
Equity in tangible capital assets (Note 15)	36,665,224	36,164,905
Equity in Ottawa Trust Funds (Note 16)	276,752	263,286
Deficit	<u>(3,528,365)</u>	<u>(2,214,878)</u>
	<u>\$48,175,562</u>	<u>\$ 47,223,993</u>

### 13. Replacement Reserve

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 440,494	\$ 398,284
Add:		
Current year allocation	52,710	52,710
Interest	124	-
Less:		
Approved expenditures	<u>48,288</u>	<u>10,500</u>
Balance, end of year	445,040	440,494
Funded balance (Note 1)	<u>461,307</u>	<u>451,183</u>
Over funded balance	<u>\$ (16,267)</u>	<u>\$ (10,689)</u>

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$52,710 annually. These funds, along with accumulated interest, must be held in separate bank accounts and/or invested only in accounts or instruments insured by Canada Deposit Insurance Corporation, or as may otherwise be approved by Canada Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal.



**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

**14. Operating Reserve**

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 40,801	\$ 40,801
Balance, end of year	40,801	40,801
Funded balance (Note 1)	<u>40,801</u>	<u>-</u>
Unfunded (over funded) balance	\$ -	\$ 40,801

Under the terms of the agreement with Canada Mortgage and Housing Corporation, any surplus from the Full Subsidy Program must be retained by the First Nation in an operating reserve fund. These funds along with the accumulating interest are to be held in a separate bank account and may only be used for the ongoing costs of the housing projects. Accordingly, future years deficits may be recovered from the operating reserve.

**15. Equity in Tangible Capital Assets**

	<u>2016</u>	<u>2015</u>
Balance, beginning of the year	\$ 36,164,905	\$ 36,058,191
Add:		
Purchases of tangible capital assets	1,687,026	1,128,122
Debt repayment	<u>712,969</u>	<u>707,573</u>
	2,399,995	1,835,695
Less:		
Amortization of tangible capital assets	1,362,243	1,317,124
Proceeds from new debt issuance	<u>537,433</u>	<u>411,857</u>
	<u>1,899,676</u>	<u>1,728,981</u>
	<u>\$ 36,665,224</u>	<u>\$ 36,164,905</u>

**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

**16. Equity in Ottawa Trust Funds**

Trust funds on deposit with Indigenous and Northern Affairs Canada consist of the following:

	Revenue	Capital	2016 Total	2015 Total
Balance, beginning of year	\$ 30,326	\$ 232,960	\$ 263,286	\$ 253,442
Add:				
Interest on trust balances	8,372	66	8,438	4,789
BC Special Grant	5,028	-	5,028	5,055
	13,400	66	13,466	9,844
Balance, end of year	\$ 43,726	\$ 233,026	\$ 276,752	\$ 263,286

The Ottawa Trust Funds relate to capital or revenue sources 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 to 69 of the Indian Act.

**17. Restricted Equity - BC Hydro**

The Lil'wat Nation has internally restricted the BC Hydro settlement moneys for future capital and economic development projects of the First Nation. In 2016, \$23,894 was withdrawn from the fund for the sports fields development.

**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

**18. Expenses By Object**

	<u>Budget</u>	<u>2016</u>	<u>2015</u>
Administration	\$ 1,131,910	\$ 19,238	\$ 20,697
Advertising	10,500	13,479	8,285
Amortization	1,125,940	1,362,243	1,317,124
Bad debts	18,000	64,633	11,264
CMHC approved expenses	53,602	48,288	10,500
Consulting	848,656	598,766	674,680
Contribution to Squamish Lil'wat Cultural Centre	233,372	233,686	247,114
Funding agency recoveries (repayments)	-	15,829	(13,811)
Honoraria	164,019	137,964	125,492
Insurance	414,644	440,220	352,498
Interest and bank charges	35,365	30,045	36,503
Interest on long term debt	266,839	220,744	260,214
Local revenue - property tax expenses	31,600	31,776	16,243
Office	424,403	314,910	258,706
Other services and materials	3,702,845	2,040,016	1,296,474
Professional fees	186,250	247,750	206,394
Rent	242,251	36,379	28,540
Repairs and maintenance	776,820	527,974	426,038
Social development	1,833,879	1,466,610	1,782,265
Student allowances	27,140	21,644	20,851
Supplies	642,837	605,387	642,688
Telephone and utilities	513,675	612,104	562,603
Training and workshops	555,738	492,940	544,208
Travel	612,161	694,363	597,550
Wages and benefits	8,668,119	8,058,654	8,308,501
<b>Total expenses for the year</b>	<b>\$ 22,520,565</b>	<b>\$ 18,335,642</b>	<b>\$ 17,741,621</b>

---

**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

---

**19. Economic Dependence**

The Lil'wat Nation receives 45% (2015 - 48%) of its revenue pursuant to funding arrangements with INAC.

---

**20. Contingencies and Commitments**

- (a) The First Nation passed a resolution to guarantee a loan securing a \$2.5 million letter of credit given to the Resort Municipality of Whistler ("RMOW") by the Spo7ez Cultural Centre and Community Society ("Spo7ez"). Their bank issued a \$2.5 million letter of credit on behalf of Spo7ez to the RMOW to secure the construction of off-site services and accommodate the subdivision that created the Alpine North Lands. The First Nation delivers a guarantee and postponement of claim whereby the First Nation guarantees all present and future debts and liabilities, of Spo7ez limited to the sum of \$2.5 million and also assigns all present and future indebtedness of the Spo7ez to the First Nation as collateral security for the letter of credit.
- (b) The First Nation is contingently liable as guarantor of loans made to Band members. This contingent liability amounts to \$746,929 (2015 - \$760,726).
- (c) The First Nation is involved in various ongoing legal claims. In the opinion of management, the overall estimation of loss is not determinable. These claims have not been provided for in the financial statements. Settlement, if any, made with respect to these actions would be expected to be accounted for as a charge to expenses in the period in which realization is known.

# LIL'WAT NATION

## Notes to Financial Statements

March 31, 2016

### 21. Segmented Information

Lil'wat Nation is a First Nation community in the province of British Columbia that provides a wide range of services to its members. Certain functional areas have been combined and separately disclosed in the segmented information. The segments and the services they provide are as follows:

	Band Housing Rentals	Governance, Finance and Administration	Public Works	Social Development	Community Health and Daycare	Advanced Education	Economic Development	Lil'wat Lands and Resources	Capital Fund	Xit'olacw Housing Operations	Xit'olacw Community School	Other	Total 2016 Actual	Total 2016 Budget
<b>Revenues</b>														
Indigenous and Northern Affairs Canada	\$ -	\$ 916,102	\$ 634,375	\$ 1,834,926	\$ 325,656	\$ 873,992	\$ 313,232	\$ 14,548	\$ 259,878	\$ -	\$3,525,615	\$ -	\$ 8,698,324	\$ 8,971,882
First Nations Health Authority	-	-	-	-	2,129,396	-	-	-	-	-	-	-	2,129,396	2,296,060
Province of British Columbia	-	461,893	-	231,225	519,548	-	-	-	-	-	-	-	1,212,666	1,145,083
Income from business enterprises	-	1,770,619	-	-	-	-	-	-	-	-	-	-	1,770,619	-
Other	666,236	926,341	363,845	193,501	421,656	395,341	345,132	653,261	602,880	451,996	442,427	13,590	5,476,206	9,027,922
	666,236	4,074,955	998,220	2,259,652	3,396,256	1,269,333	658,364	667,809	862,758	451,996	3,968,042	13,590	19,287,211	21,440,947
<b>Expenses</b>														
Purchases	430,796	1,160,836	871,071	1,708,206	1,091,364	884,365	598,216	227,741	684,265	177,855	877,949	48,288	8,760,952	12,562,487
Payroll	48,417	1,348,981	621,937	439,610	2,128,006	210,215	34,612	636,031	-	22,494	2,706,315	-	8,196,618	8,832,138
Amortization	87,972	25,841	852,149	-	20,961	2,083	-	17,040	-	315,409	40,788	-	1,362,243	1,125,940
Funding agency recoveries	-	-	-	-	-	-	-	-	15,829	-	-	-	15,829	-
Transfers	-	262,890	-	(17,896)	(55,000)	-	(15,000)	(154,995)	(23,894)	-	(20,000)	23,895	-	-
	567,185	2,798,548	2,345,157	2,129,920	3,185,331	1,096,663	617,828	725,817	676,200	515,758	3,605,052	72,183	18,335,642	22,520,565
<b>Surplus (deficit) for the year</b>	\$ 99,051	\$ 1,276,407	\$ (1,346,937)	\$ 129,732	\$ 210,925	\$ 172,670	\$ 40,536	\$ (58,008)	\$ 186,558	\$ (63,762)	\$ 362,990	\$ (58,593)	\$ 951,569	\$ (1,079,618)

  

	Band Housing Rentals	Governance, Finance and Administration	Public Works	Social Development	Community Health and Daycare	Advanced Education	Economic Development	Lil'wat Lands and Resources	Capital Fund	Xit'olacw Housing Operations	Xit'olacw Community School	Other	Total 2015 Actual	Total 2015 Budget
<b>Revenues</b>														
Indigenous and Northern Affairs Canada	\$ -	\$ 913,119	\$ 644,852	\$ 2,143,709	\$ 268,035	\$ 835,821	\$ 313,472	\$ 201,889	\$ 220,047	\$ -	\$3,349,030	\$ -	\$ 8,889,974	\$ 8,664,052
First Nations Health Authority	-	-	-	-	2,050,938	-	-	-	-	-	-	-	2,050,938	1,978,284
Province of British Columbia	-	478,478	-	222,633	646,823	-	-	-	-	-	-	-	1,347,934	1,500,654
Income from business enterprises	-	1,307,753	-	-	-	-	-	-	-	-	-	-	1,307,753	-
Other	718,739	876,101	251,888	159,334	502,013	272,172	384,534	758,183	48,648	456,739	414,200	9,844	4,852,395	7,142,459
	718,739	3,575,451	896,740	2,525,676	3,467,809	1,107,993	698,006	960,072	268,695	456,739	3,763,230	9,844	18,448,994	9,285,449
<b>Expenses</b>														
Purchases	416,308	1,100,247	762,296	1,979,297	845,261	1,041,098	551,601	374,107	24,117	183,387	716,096	10,500	8,004,315	9,785,450
Payroll	55,587	1,167,584	630,963	500,883	2,459,948	218,366	54,084	746,950	-	22,572	2,577,056	-	8,433,993	8,242,972
Amortization	87,971	52,250	856,476	-	1,220	-	-	-	-	273,193	46,014	-	1,317,124	1,161,331
Funding agency transactions	-	-	-	6,950	(20,761)	-	-	-	-	-	-	-	(13,811)	-
Transfers	-	270,000	53,352	(49,126)	(50,680)	-	(30,000)	(182,672)	-	-	(10,874)	-	-	-
	559,866	2,590,081	2,303,087	2,438,004	3,234,988	1,259,464	575,685	938,385	24,117	479,152	3,328,292	10,500	17,741,621	9,189,753
<b>Surplus (deficit) for the year</b>	\$ 158,873	\$ 985,370	\$ (1,406,347)	\$ 87,672	\$ 232,821	\$ (151,471)	\$ 122,321	\$ 21,687	\$ 244,578	\$ (22,413)	\$ 434,938	\$ (656)	\$ 707,373	\$ 95,696

---

**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

---

**21. Segmented Information (continued)**

The Lil'wat Nation is First Nation community of over 2,000 members located in the Pemberton Valley of British Columbia. The Lil'wat Nation provides a variety of services to community members, and receives funding from various federal and provincial government agencies to support the delivery of these services. Segmented reporting by program is used to account for the scope and significance of each service.

**Band Housing Rentals**

This program includes the revenues and expenses relating to the operation of the band housing rental units and the provision of various housing services to the Lil'wat Nation members.

**Governance, Finance and Administration**

This program includes revenues and expenses relating to governance activities undertaken by the Chiefs and Council, band membership activities, administrative services of the First Nation, and finance and accounting activities for the First Nation and its business ventures.

**Public Works and the Capital Fund**

These programs include the revenue and expenses relating to the construction, maintenance and operation of community infrastructure and buildings, and the provision of community services to the Lil'wat Nation members.

**Social Development**

This program includes the revenue and expenses relating to the delivery of social assistance programs to the Lil'wat Nation members, and the delivery of cultural activities in the community. Certain social development activities are funded through agreements with INAC and have specific eligibility criteria.

**Community Health and Daycare**

The Community Health program provides a variety of health services to the community pursuant to a funding agreement with Health Canada. The Community Health program also includes revenues and expenses relating to daycare and recreation activities for community members.

**Advanced Education**

This employment and training program includes the revenue and expenses relating to the provision of support services to community members for advanced education and skills training.

**Economic Development**

The economic development program provides support services for the economic development and land investment activities of the Lil'wat Nation.

---

**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

---

**21. Segmented Information (continued)**

**Lil'wat Lands & Resources**

The lands and resources program includes the revenue and expenses relating to the First Nation's lands and fisheries programs.

**Xit'olacw Housing Operations**

The Xit'olacw Housing Operations program includes the revenues and expenses relating to the operation of the First Nation's CMHC Social Housing Units, including individual houses and multi family units.

**Xit'olacw Community School**

The Xit'olacw Community School program includes the revenues and expenses relating to the operation and maintenance of the Xit'olacw Community School located on the reserve lands of the Lil'wat Nation.

---

**22. Financial Instrument Risk**

The Lil'wat Nation holds various forms of financial instruments. The nature of these instruments and the First Nation's operations expose the First Nation to interest, credit and liquidity risks. The Lil'wat Nation manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The First Nation is exposed to this risk through certain variable rate long term debt, bank indebtedness and marketable securities that it holds. The following table summarizes the Lil'wat Nation's net exposure to loans and securities with variable interest rates:

	<u>2016</u>	<u>2015</u>
Long term debt and bank indebtedness (net exposure)	\$ (1,594,364)	\$ (1,607,172)
Restricted temporary investments	<u>6,885,901</u>	<u>6,763,288</u>
Net exposure	<u>\$ 5,291,537</u>	<u>\$ 5,156,116</u>

Management believes that changes in the market rate of interest will have an immaterial effect on the First Nation as a change in interest rate of 1% in either direction will increase or decrease interest by \$52,915 (2015 - \$51,561). There have been no changes from the previous year of policies, procedures and methods to measure this risk.

**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

**22. Financial Instrument Risk (continued)**

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The First Nation is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations and from concentration of transactions carried out with the same counterparty.

**Default Credit Risk**

The Lil'wat Nation's exposure to credit risk is represented by certain accounts receivable. The credit risk relating to accounts receivable is managed by having formal policies in place to assess the credit worthiness of customers and ensure timely collection of outstanding balances. The following table summarizes the aging of accounts receivable which provides an indication of possible credit risk:

	Current	31 to 60 days	Over 60 days	2016 Total
Accounts receivable	\$ 542,822	\$ 74,024	\$ 2,812,375	\$ 3,429,221
Allowance for doubtful accounts	-	-	(2,135,757)	(2,135,757)
	<b>\$ 542,822</b>	<b>\$ 74,024</b>	<b>\$ 676,618</b>	<b>\$ 1,293,464</b>
	Current	31 to 60 days	Over 60 days	2015 Total
Accounts receivable	\$ 5,389	\$ 303,273	\$ 2,879,988	\$ 3,188,650
Allowance for doubtful accounts	-	-	(2,071,124)	(2,071,124)
	<b>\$ 5,389</b>	<b>\$ 303,273</b>	<b>\$ 808,864</b>	<b>\$ 1,117,526</b>

**Concentration of Credit Risk**

As at March 31, 2016 there were no (2015 - Nil) counterparties holding more than 10% of net accounts receivables and in aggregate no amount (2015 - Nil) of net accounts receivables. Management believes that related party receivables and notes are not subject to default credit risk due to the tightly held nature of the group. There have been no changes from the previous year of policies, procedures and methods to measure this risk.



**LIL'WAT NATION**  
**Notes to Financial Statements**

**March 31, 2016**

**22. Financial Instrument Risk (continued)**

**Liquidity Risk**

Liquidity risk is the risk that the Lil'wat Nation encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the First Nation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities and long term debt and commitments. The following table summarizes the aging of the First Nation's financial obligations which provides an indication of possible liquidity risk:

	Current	30 to 364 days	Over 1 year	2016 Total
Bank indebtedness	\$ 1,266,661	\$ -	\$ -	\$ 1,266,661
Accounts payable and accrued liabilities	823,562	554,368	806,623	2,184,553
Obligation under capital lease	3,226	35,484	51,469	90,179
Long term debt	60,333	663,667	7,084,085	7,808,085
	<u>\$ 2,153,782</u>	<u>\$ 1,253,519</u>	<u>\$ 7,942,177</u>	<u>\$ 11,349,478</u>

  

	Current	30 to 364 days	Over 1 year	2015 Total
Bank indebtedness	\$ 1,163,100	\$ -	\$ -	\$ 1,163,100
Accounts payable and accrued liabilities	1,396,916	6,152	202,259	1,605,327
Obligation under capital lease	2,060	22,655	59,401	84,116
Long term debt	56,217	618,383	7,309,574	7,984,174
	<u>\$ 2,618,293</u>	<u>\$ 647,190</u>	<u>\$ 7,571,234</u>	<u>\$ 10,836,717</u>

See Note for further information on possible liquidity risk arising from the Lil'wat Nation's contingencies and commitments. Management has determined that the Lil'wat Nation is not significantly exposed to liquidity risk given its strong operating cash flows and secured funding sources. There have been no changes from the previous year of policies, procedures and methods to measure the risk.

**23. Comparative Information**

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.