

LIL'WAT NATION
FINANCIAL STATEMENTS
For the year ended March 31, 2018

LIL'WAT NATION
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For the year ended March 31, 2018

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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, 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 and Audit Committee.

The Finance and Audit Committee reviews the financial statements and recommends their approval. They meet 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 Operating Officer



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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, 2018, 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, 2018, 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 year ended March 31, 2018 in accordance with Canadian public sector accounting standards. These other 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 the members of the Lil'wat Nation and was dated July 17, 2018.

BDO Canada LLP

Chartered Professional Accountants

Kelowna, British Columbia
July 17, 2018

LIL'WAT NATION
Statement of Financial Position

March 31	2018	2017
Financial Assets		
Restricted cash (Note 1)	\$ 7,341,668	\$ 2,295,633
Temporary investments (Note 2)	7,099,470	7,011,760
Accounts receivable (Note 3)	2,546,820	3,097,256
Due from related entities (Note 4)	237,119	171,428
Investment in business enterprises and partnerships (Note 5)	21,211,182	22,499,471
Ottawa Trust Funds	305,488	293,854
	<u>38,741,747</u>	<u>35,369,402</u>
Financial Liabilities		
Bank indebtedness (Note 6)	475,660	1,489,244
Accounts payable and accrued liabilities (Note 7)	5,031,711	2,000,846
Deferred revenue (Note 8)	2,430,260	2,454,414
Due to related entities (Note 4)	334,151	425,582
Obligation under capital lease (Note 9)	393,702	427,476
Long term debt (Note 10)	9,190,271	10,952,539
	<u>17,855,755</u>	<u>17,750,101</u>
Net Financial Assets	20,885,992	17,619,301
Non - Financial Assets		
Tangible capital assets (Note 11)	42,847,284	34,071,323
Prepaid expenses	203,272	137,212
	<u>43,050,556</u>	<u>34,208,535</u>
Accumulated Surplus (Note 12)	\$ 63,936,548	\$ 51,827,836

Approved on behalf of the Band Council

 Chief

 Chairperson of Finance and Audit Committee

 Chief Operating Officer

LIL'WAT NATION
Statement of Financial Activity

For the year ended March 31	Budget	2018	2017
Revenue			
Department of Indigenous Services Canada	\$ 9,138,095	\$ 9,984,927	\$ 8,591,402
Canada Mortgage and Housing Corporation	-	226,388	198,227
Department of Fisheries and Oceans Canada	317,000	317,622	323,500
First Nations Education Steering Committee	962,294	1,112,272	1,016,833
First Nations Health Authority	3,069,264	2,934,796	2,387,986
Province of British Columbia	10,317,166	8,346,428	1,619,071
Rental income	549,699	891,697	840,907
Sto:Lo Aboriginal Skills & Employment Training	244,113	415,200	321,651
Other income	7,545,010	7,174,443	5,196,373
Income from business enterprises and partnerships	-	1,135,729	674,908
Royalty income	2,829,241	1,559,087	2,913,812
Ottawa Trust Fund	-	-	6,656
Interest income	-	7,203	5,599
BC special grant	-	5,014	5,059
	34,971,882	34,110,806	24,101,984
Expenses (Note 18)			
Operations Fund	14,721,000	15,153,710	14,825,660
Capital Fund	1,145,437	1,069,440	695,980
Xit'olacw Housing Fund	562,328	637,199	596,835
Xet'olacw Community School Fund	4,446,239	4,792,013	4,295,479
Funding agency recoveries	-	310,601	-
CMHC approved expenditures	-	39,131	35,756
	20,875,004	22,002,094	20,449,710
Annual surplus	14,096,878	12,108,712	3,652,274
Accumulated surplus, beginning of year	51,827,836	51,827,836	48,175,562
Accumulated surplus (Note 12), end of year	\$ 65,924,714	\$ 63,936,548	\$ 51,827,836

LIL'WAT NATION
Statement of Change in Net Financial Assets

For the year ended March 31	Budget	2018	2017
Annual surplus	\$ 14,096,878	\$ 12,108,712	\$ 3,652,274
Acquisition of tangible capital assets (Note 11)	(10,572,129)	(10,289,714)	(2,936,831)
Amortization of tangible capital assets (Note 11)	1,322,960	1,513,753	1,445,188
Adjusted cost base of land transfers (Note 11)	-	-	11,591,226
Change in prepaid expenses	-	(66,060)	(22,535)
	4,847,709	3,266,691	13,729,322
Net financial assets, beginning of year	17,619,301	17,619,301	3,889,979
Net financial assets, end of year	\$ 22,467,010	\$ 20,885,992	\$ 17,619,301

LIL'WAT NATION
Statement of Cash Flows

For the year ended March 31	2018	2017
Cash flows provided by (used in) operating activities		
Cash receipts from all funding sources	\$ 33,489,812	\$ 20,071,095
Cash paid to employees and suppliers	(17,209,266)	(18,276,346)
Interest paid	(298,888)	(297,130)
	<u>15,981,658</u>	<u>1,497,619</u>
Cash flows provided by (used in) capital activities		
Purchase of tangible capital assets	(10,289,714)	(2,936,831)
Cash flows provided by (used in) investing activities		
Change in long term investments	2,499,900	(2,167,451)
Change in short term restricted temporary investments	(87,711)	(125,859)
Change in Ottawa trust funds	(11,634)	(17,102)
	<u>2,400,555</u>	<u>(2,310,412)</u>
Cash flows provided by (used in) financing activities		
Issuance of long term debt	769,886	4,522,104
Repayment of long term debt	(2,532,156)	(1,119,266)
Issuance of capital lease	79,715	-
Repayment of capital leases	(193,205)	(60,021)
Advances to related parties	(157,120)	(75,533)
	<u>(2,032,880)</u>	<u>3,267,284</u>
Increase (decrease) in cash and bank indebtedness	6,059,619	(482,340)
Cash and bank indebtedness, beginning of year	806,389	1,288,729
Cash and bank indebtedness, end of year	\$ 6,866,008	\$ 806,389
Represented by:		
Restricted cash	7,341,668	2,295,633
Bank indebtedness	(475,660)	(1,489,244)
	<u>\$ 6,866,008</u>	<u>\$ 806,389</u>

LIL'WAT NATION

Summary of Significant Accounting Policies

March 31, 2018

Basis of Presentation	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.
Reporting Entity	The Lil'wat Nation reporting entity includes the Lil'wat Nation 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.
Principles of Financial Reporting	<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">- Lil'wat Holdings Limited Partnership- 0773099 BC Ltd.- 0780174 BC Ltd.- 0780176 BC Ltd.- 0780179 BC Ltd.- 0780182 BC Ltd.- 0780185 BC Ltd.- 0781316 BC Ltd.- 0781242 BC Ltd.- 0915799 BC Ltd.- Baxter Creek Limited Partnership
Fund Accounting	<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">- Operations Fund- Capital Fund- Xit'olacw Housing Fund- Xet'olacw Community School Fund
Cash and Cash Equivalents	Cash and cash equivalents includes cash and investments in money market funds with maturity dates of three months or less.

LIL'WAT NATION

Summary of Significant Accounting Policies

March 31, 2018

Portfolio Investments	Portfolio investments are stated at the lower of cost and market value and have a maturity date that exceeds three months.								
Leased Assets	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.								
Government Transfers	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.								
Budget Figures	The budget figures are approved annually by the Chiefs and Council. They have been reallocated to conform to public sector financial statement presentation. Subsequent amendments have been made by the Chiefs and Council to reflect changes in the budget, as required.								
Tangible Capital Assets	<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								

LIL'WAT NATION

Summary of Significant Accounting Policies

March 31, 2018

**Impairment of Long
Lived Assets**

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.

Revenue Recognition

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.

Rental revenue is recognized as it becomes receivable under the terms of the rental agreement.

Sales of service and other revenue is recognized on an accrual basis.

All other revenue is recognized as it is earned.

Deferred Revenue

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.

Financial Instruments

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 cost on initial recognition. Financial instruments are subsequently measured at amortized cost.

Use of Estimates

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.

LIL'WAT NATION

Notes to Financial Statements

March 31, 2018

1. Restricted Cash

	2018	2017
Xit'olacw Housing Operations		
Replacement reserve (Note 13)	\$ 471,298	\$ 461,518
Operating reserve (Note 14)	66,510	55,802
Funds held in trust	4,505	4,505
Restricted funds	<u>13,898,825</u>	<u>8,785,568</u>
	<u>\$ 14,441,138</u>	<u>\$ 9,307,393</u>

Restricted Cash is represented by:

Restricted cash	\$ 7,341,668	\$ 2,295,633
Restricted temporary investments (Note 2)	<u>7,099,470</u>	<u>7,011,760</u>
	<u>\$ 14,441,138</u>	<u>\$ 9,307,393</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:

	2018	2017
GIC, interest paid on maturity at 1.30% on August 24, 2018	\$ 534,678	\$ -
GIC, interest paid on maturity at 2.25% on February 26, 2019	481,317	-
GIC, interest paid on maturity at 2.30% on March 3, 2019	488,273	1,231,723
GIC, interest paid on maturity at 2.35% on March 22, 2019	580,336	-
GIC, interest paid on maturity at 2.18% on March 22, 2019	723,126	-
GIC, interest paid on maturity at 1.95% on August 22, 2019	758,855	-
GIC, interest paid on maturity at 1.95% on November 5, 2019	503,900	503,900
GIC, interest paid on maturity at 2.15% on March 13, 2020	500,530	500,530
GIC, interest paid on maturity at 2.20% on August 24, 2020	759,900	-
GIC, interest paid on maturity at 2.71% on March 22, 2021	500,334	-
GIC, interest paid on maturity at 2.30% on August 25, 2021	506,868	-
GIC, interest paid on maturity at 2.50% on August 22, 2022	761,353	-
Investment cash account	-	2,679,274
High-interest savings account	-	16,057
GIC, matured during the year	-	1,082,584
Short-term investments, matured during the year	-	997,692
	<u>\$ 7,099,470</u>	<u>\$ 7,011,760</u>

Funds held in restricted 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, 2018

3. Accounts Receivable

	2018	2017
Current	\$ 4,243,629	\$ 4,926,756
Long term	500,195	500,194
	<u>4,743,824</u>	<u>5,426,950</u>
Allowance for doubtful accounts	<u>(2,197,004)</u>	<u>(2,329,694)</u>
	<u>\$ 2,546,820</u>	<u>\$ 3,097,256</u>

4. Due To/From Related Entities

Due From Related Entities

	2018	2017
Lil'wat Capital Assets Limited Partnership	\$ 237,119	\$ 162,594
Lil'wat Management Services Limited Partnership	-	4,263
Lil'wat Retail Operations Limited Partnership	-	4,571
	<u>\$ 237,119</u>	<u>\$ 171,428</u>

Due To Related Entities

	2018	2017
Lil'wat Construction Enterprises Limited Partnership	\$ 13,294	\$ 4,624
Lil'wat Forestry Ventures Limited Partnership	158,543	153,159
Lil'wat Retail Operations Limited Partnership	28,980	-
0915799 BC Ltd.	1	1
Squamish Lil'wat Cultural Centre	<u>133,333</u>	<u>267,798</u>
	<u>\$ 334,151</u>	<u>\$ 425,582</u>

The amounts due to and from related parties bear no interest and have no fixed terms of repayment.

LIL'WAT NATION
Notes to Financial Statements

March 31, 2018

4. Due To/From Related Entities (continued)

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 \$74,577 (2017 - \$82,320).

During the year, the Lil'wat Nation received administration fees from a related party, Lil'wat Construction Enterprises Limited Partnership, in the amount of \$7,560 (2017 - \$7,392).

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 \$nil (2017 - \$26,000).

During the year, the Lil'wat Nation received royalty and other income from a related party, Lil'wat Forestry Ventures Limited Partnership, in the amount of \$128,567 (2017 - \$119,380).

During the year, the Lil'wat Nation received other income from a related party, Lil'wat Retail Limited Partnership, in the amount of \$12,655 (2017 - \$12,232).

During the year, the Lil'wat Nation received partnership distributions from a related party, Lil'wat Holdings Limited Partnership, in the amount of \$600,000 (2017 - \$800,000).

During the year, the Lil'wat Nation incurred expenses on behalf of Lil'wat Construction Enterprises Limited Partnership in the amount of \$72,514 (2017 - \$65,520).

During the year, the Lil'wat Nation contributed \$233,372 (2017 - \$233,371) to the Squamish Lil'wat Cultural Centre.

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).

LIL'WAT NATION

Notes to Financial Statements

March 31, 2018

5. Investment in Business Enterprises and Partnerships

The First Nation has the following long term investments:

	2018	2017
0773099 BC Ltd., 50% owned by the Lil'wat Nation	\$ 1	\$ 1
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 (i)	592,702	2,500,000
Lil'wat Holdings Limited Partnership, 99.99% of partnership shares held by the Lil'wat Nation	20,618,471	19,999,462
	<u>\$ 21,211,182</u>	<u>\$ 22,499,471</u>

- (i) In April 2017, the First Nation received \$2,500,000 for the capital contribution of the land in the Baxter Creek Limited Partnership. These funds are currently being held in a high interest savings account.

LIL'WAT NATION

Notes to Financial Statements

March 31, 2018

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	2018	2017
Assets		
Cash	\$ 1,575,037	\$ 1,321,627
Accounts receivable	454,073	935,990
Inventory	226,885	260,986
Prepaid expenses	46,154	24,234
Due from related party	24,136	4,444
Deferred logging and engineering expenses	1,911,624	1,757,956
Forestry licenses	894,768	879,804
Long term investments	195,318	503,665
Tangible capital assets	16,728,736	18,670,384
Total Assets	<u>22,056,731</u>	<u>24,359,090</u>
Liabilities		
Accounts payable and accrued liabilities	837,169	587,537
Deferred revenue	18,909	-
Reforestation obligation	103,235	210,658
Long term debt	-	578,710
Total Liabilities	<u>959,313</u>	<u>1,376,905</u>
Net Assets	<u>\$ 21,097,418</u>	<u>\$ 22,982,185</u>
(b) Summary of Financial Activities	2018	2017
Total Revenues	\$ 15,613,987	\$ 16,218,532
Total Expenses	<u>13,878,252</u>	<u>14,743,624</u>
Income for the year	<u>\$ 1,735,735</u>	<u>\$ 1,474,908</u>

6. Bank Indebtedness

The First Nation has a line of credit with a total credit limit of \$2,000,000 (2017 - \$2,000,000), bearing interest at prime plus 0.5% (2017 - prime plus 0.5%), secured by a general security agreement, payable in monthly payments of interest only. At March 31, 2018 the amount of line of credit utilized was \$485,000 (2017 - \$1,910,000).

LIL'WAT NATION
Notes to Financial Statements

March 31, 2018

7. Accounts Payable and Accrued Liabilities

	<u>2018</u>	<u>2017</u>
Trade accounts payable	\$ 3,360,405	\$ 890,656
Department of Indigenous Services Canada	194,123	194,941
Accrued wages and benefits payable	578,961	542,170
Accrued liabilities	709,253	174,581
Other	188,969	198,498
	<u>\$ 5,031,711</u>	<u>\$ 2,000,846</u>

The following amounts are repayable to Department of Indigenous Services Canada ("DISC"):

		<u>2018</u>	<u>2017</u>
ACRS 2014	#3289	\$ -	\$ 4,545
NP85-Basic Needs (2015/16)	#5147	-	71,449
NP85-Basic Needs (2016/17)	#4093	73,062	73,062
NP87-Child Out Of Parental Home Allowance (2015/16)	#3909	25,474	44,412
NP8L-Special Needs (2015/16)		10,480	1,473
NP80-NCB Re-Investment (2015/16)		2,779	-
NT45-Economic Development Allocations (2015/2016)		2,650	-
NCBO-3-NCB Re-Investment (2016/2017)		25,915	-
AW2X2-ICMS #9-00126373 Individual Housing (2016/2017)		27,648	-
Rockfall Mitigation Project (2017/2018)		26,115	-
		<u>\$ 194,123</u>	<u>\$ 194,941</u>

LIL'WAT NATION
Notes to Financial Statements

March 31, 2018

8. Deferred Revenue

Deferred revenue represents monies received in advance for rent, in addition to contributions received from the federal, provincial and local governments along with other sources for specific projects or programs in which the expenditures have not yet been incurred.

	Balance, beginning of year	Contributions	Revenue Recognized	Balance, end of year
Department of Indigenous Services Canada	\$ 110,381	\$ 51,631	\$ (67,263)	\$ 94,749
Common Experience Payment Program	39,824	-	(39,824)	-
First Nations Education Steering Committee	-	50,724	-	50,724
First Nations Health Authority	216,060	329,345	(216,060)	329,345
Lil'wat Housing Legacy	1,755,839	-	-	1,755,839
Province of British Columbia	332,310	31,943	(332,310)	31,943
Upper Lillooet River Power Project	-	30,000	-	30,000
Vancouver Island University	-	137,660	-	137,660
2018 Totals	\$ 2,454,414	\$ 631,303	\$ (655,457)	\$ 2,430,260
2017 Totals	\$ 3,767,187	\$ 593,659	\$ (1,906,432)	\$ 2,454,414



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LIL'WAT NATION Notes to Financial Statements

March 31, 2018

9. Obligation Under Capital Lease

	2018	2017
Royal Bank - Capital Fund - Payable in monthly payments of \$1,596 including interest at 4.71%, secured by specific assets, maturing August 2018	\$ 6,345	\$ 24,726
Royal Bank - Capital Fund - Payable in monthly payments of \$880 including interest at 3.59%, secured by specific assets, maturing April 2019	11,205	21,167
Royal Bank - Capital Fund - Payable in monthly payments of \$2,313 including interest at 4.10% secured by specific assets, maturing February 2024	143,087	165,227
Royal Bank - Capital Fund - Payable in monthly payments of \$2,056 including interest at 3.15%, secured by specific assets, maturing August 2021	77,824	99,572
Royal Bank - Capital Fund - Payable in monthly payments of \$1,760 including interest at 3.53%, secured by specific assets, maturing December 2022	90,526	108,011
Royal Bank - Capital Fund - Payable in monthly payments of \$1,217 including interest at 4.27%, secured by specific assets, maturing August 2023	64,715	-
Royal Bank - repaid in the year	-	8,773
	393,702	427,476
Less current portion	92,249	97,730
	\$ 301,453	\$ 329,746

The future minimum lease payments for the next five years and thereafter are as follows:

2019	\$ 104,863
2020	89,030
2021	88,152
2022	71,705
2023	55,226
Thereafter	20,818
	429,794
Less imputed interest	(36,092)
	\$ 393,702

LIL'WAT NATION

Notes to Financial Statements

March 31, 2018

10. Long Term Debt

	2018	2017
Lil'wat Nation - Operations Fund		
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.	\$ 45,032	\$ 52,748
Royal Bank - loan repayable in monthly installments of \$3,690, including interest at 3.25% per annum, maturing January 11, 2022, secured by assignment of assets.	622,399	646,088
Royal Bank - loan repayable in monthly installments of \$2,510, including interest at 3.25% per annum, maturing April 13, 2022, secured by assignment of assets and a ministerial guarantee agreement.	236,224	256,476
Royal Bank - non-revolving demand loan, repayable in monthly installments of \$3,445, including interest at 2.38% per annum, maturing December 1, 2021, secured by assignment of assets and a ministerial guarantee agreement.	185,657	222,101
Bank of Montreal - non-revolving demand construction loan. Interest repayable only at prime plus 0.75% per annum for the first 12 months, secured by assignment of assets.	699,000	699,000
Bank of Montreal - non-revolving demand loan repayable in monthly installments of \$7,171, including interest at prime plus 0.75% per annum, secured by assignment of assets.	1,380,986	1,418,519
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.	321,527	342,498
Balance carried forward	<u>\$ 3,490,825</u>	<u>\$ 3,637,430</u>

LIL'WAT NATION
Notes to Financial Statements

March 31, 2018

10. Long Term Debt (continued)

	<u>2018</u>	<u>2017</u>
Balance brought forward	\$ 3,490,825	\$ 3,637,430
Lil'wat Nation - Operations Fund		
Peace Hills Trust loan - repaid in the year.	-	11,678
Royal Bank loan - repaid in the year.	-	2,046,683
Xit'olacw Housing Operations		
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.	22,485	25,988
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.	114,158	131,943
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.	175,237	198,917
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.	65,372	73,523
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>127,877</u>	<u>143,821</u>
Balance carried forward	<u>\$ 3,995,954</u>	<u>\$ 6,269,983</u>

LIL'WAT NATION
Notes to Financial Statements

March 31, 2018

10. Long Term Debt (continued)

	<u>2018</u>	<u>2017</u>
Balance brought forward	\$ 3,995,954	\$ 6,269,983
Xit'olacw Housing Operations		
All Nations Trust Company - Phase 17 mortgage repayable in monthly installments of \$1,951 including interest at 1.31% per annum, renewal date December 1, 2021, maturing August 1, 2026, secured by ministerial guarantee.	186,509	207,337
All Nations Trust Company - Phase 18 mortgage repayable in monthly installments of \$2,196 including interest at 1.43% per annum, renewal date April 1, 2022, maturing November 1, 2026, secured by ministerial guarantee.	214,682	237,766
All Nations Trust Company - Elders Complex mortgage repayable in monthly installments of \$1,784 including interest at 1.30% per annum, renewal date June 1, 2022, maturing June 1, 2027, secured by ministerial guarantee.	186,465	205,231
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.	1,742,194	1,829,386
All Nations Trust Company - Phase 21 mortgage repayable in monthly installments of \$3,557 including interest at 1.21% per annum, renewal date May 1, 2021, maturing May 1, 2041, secured by ministerial guarantee.	862,215	894,396
All Nations Trust Company - Phase 22 mortgage repayable in monthly installments of \$5,192 including interest at 1.03% per annum, renewal date November 1, 2021, maturing November 1, 2041, secured by ministerial guarantee.	1,297,081	1,308,440
All Nations Trust Company - Phase 23 mortgage repayable in monthly installments of \$6,124 including interest at 2.50% per annum, renewal date June 1, 2023, maturing June 1, 2043, secured by ministerial guarantee.	705,171	-
Balance carried forward	<u>\$ 9,190,271</u>	<u>\$ 10,952,539</u>

LIL'WAT NATION
Notes to Financial Statements

March 31, 2018

10. Long Term Debt (continued)

	<u>2018</u>	<u>2017</u>
Balance brought forward	\$ 9,190,271	\$ 10,952,539
Less current portion	<u>448,669</u>	<u>748,878</u>
	<u>\$ 8,741,602</u>	<u>\$ 10,203,661</u>

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

2019	\$ 448,669
2020	458,057
2021	467,576
2022	477,060
2023	474,088
Thereafter	<u>6,864,821</u>
	<u>\$ 9,190,271</u>

LIL'WAT NATION
Notes to Financial Statements

March 31, 2018

11. Tangible Capital Assets

	2018					
	Land	Buildings	Community infrastructure	Equipment	Assets under construction	Total
Cost, beginning of year	\$ 5,516,435	\$ 31,820,376	\$ 13,845,049	\$ 2,906,092	\$ 2,178,759	\$ 56,266,711
Additions	-	-	-	118,551	10,171,163	10,289,714
Asset transfers	-	1,984,380	-	-	(1,984,380)	-
Cost, end of year	\$ 5,516,435	\$ 33,804,756	\$ 13,845,049	\$ 3,024,643	\$ 10,365,542	\$ 66,556,425
Accumulated amortization, beginning of year	\$ -	\$ 14,443,857	\$ 5,986,933	\$ 1,764,598	\$ -	\$ 22,195,388
Amortization	-	1,004,852	365,293	143,608	-	1,513,753
Accumulated amortization, end of year	\$ -	\$ 15,448,709	\$ 6,352,226	\$ 1,908,206	\$ -	\$ 23,709,141
Net carrying amount, end of year	\$ 5,516,435	\$ 18,356,047	\$ 7,492,823	\$ 1,116,437	\$ 10,365,542	\$ 42,847,284

Assets under capital leases in the amount of \$682,514 (2017 - \$602,799) with related accumulated amortization of \$170,754 (2017 - \$111,777) are included in equipment.

LIL'WAT NATION
Notes to Financial Statements

March 31, 2018

11. Tangible Capital Assets (continued)

	2017					
	Land	Buildings	Community infrastructure	Equipment	Assets under construction	Total
Cost, beginning of year	\$ 17,107,661	\$ 30,241,308	\$ 13,755,158	\$ 2,406,093	\$ 1,410,886	\$ 64,921,106
Additions	-	205,451	85,891	499,999	2,145,490	2,936,831
Land transfer	(11,591,226)	-	-	-	-	(11,591,226)
Asset transfers	-	1,373,617	4,000	-	(1,377,617)	-
Cost, end of year	\$ 5,516,435	\$ 31,820,376	\$ 13,845,049	\$ 2,906,092	\$ 2,178,759	\$ 56,266,711
Accumulated amortization, beginning of year	\$ -	\$ 13,518,380	\$ 5,621,639	\$ 1,610,181	\$ -	\$ 20,750,200
Amortization	-	925,477	365,294	154,417	-	1,445,188
Accumulated amortization, end of year	\$ -	\$ 14,443,857	\$ 5,986,933	\$ 1,764,598	\$ -	\$ 22,195,388
Net carrying amount, end of year	\$ 5,516,435	\$ 17,376,519	\$ 7,858,116	\$ 1,141,494	\$ 2,178,759	\$ 34,071,323

LIL'WAT NATION

Notes to Financial Statements

March 31, 2018

12. Accumulated Surplus

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

	2018	2017
Equity in business enterprises and partnerships (Note 5)	\$ 21,211,182	\$ 22,499,471
Restricted equity for Xet'olacw Community School	231,384	231,384
Restricted equity - Other (Note 17)	12,259,929	8,343,065
Replacement reserve (Note 13)	498,678	470,716
Operating reserve (Note 14)	40,801	40,801
Equity in tangible capital assets (Note 15)	35,285,076	24,714,849
Equity in Ottawa Trust Funds (Note 16)	305,488	293,854
Deficit	(5,895,990)	(4,766,304)
	<u>\$ 63,936,548</u>	<u>\$ 51,827,836</u>

13. Replacement Reserve

	2018	2017
Balance, beginning of year	\$ 470,716	\$ 445,040
Add:		
Current year allocation	66,510	61,220
Interest	583	212
Less:		
Approved expenditures	39,131	35,756
Balance, end of year	498,678	470,716
Funded balance (Note 1)	471,298	461,518
Under funded balance	<u>\$ 27,380</u>	<u>\$ 9,198</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 \$66,510 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, 2018

14. Operating Reserve

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 40,801	\$ 40,801
Balance, end of year	40,801	40,801
Funded balance (Note 1)	<u>66,510</u>	<u>55,802</u>
Over funded balance	<u>\$ (25,709)</u>	<u>\$ (15,001)</u>

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>2018</u>	<u>2017</u>
Balance, beginning of the year	\$ 24,714,849	\$ 36,665,224
Add:		
Purchases of tangible capital assets	10,289,714	2,936,831
Debt repayment	<u>2,616,262</u>	<u>805,968</u>
	12,905,976	3,742,799
Less:		
Amortization of tangible capital assets	1,513,753	1,445,188
Proceeds from new debt issuance	821,996	2,432,022
Transfer of land to Lil'wat Holdings LP	<u>-</u>	<u>11,815,964</u>
	<u>2,335,749</u>	<u>15,693,174</u>
	<u>\$ 35,285,076</u>	<u>\$ 24,714,849</u>

LIL'WAT NATION
Notes to Financial Statements

March 31, 2018

16. Equity in Ottawa Trust Funds

Trust funds on deposit with Department of Indigenous Services Canada consist of the following:

	Revenue	Capital	2018 Total	2017 Total
Balance, beginning of year	\$ 54,172	\$ 239,682	\$ 293,854	\$ 276,752
Add:				
Interest on trust balances	6,620	-	6,620	5,387
BC Special Grant	5,014	-	5,014	5,059
Stumpage fees	-	-	-	6,656
	11,634	-	11,634	17,102
Balance, end of year	\$ 65,806	\$ 239,682	\$ 305,488	\$ 293,854

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.

LIL'WAT NATION
Notes to Financial Statements

March 31, 2018

17. Restricted Equity - Other

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.

Whistler Blackcomb Master Development Agreement "MDA"

The Lil'wat Nation has internally restricted Whistler Blackcomb and Province of BC monies for future capital and economic development projects of the First Nation.

Baxter Creek Developments LP

The Lil'wat Nation has internally restricted the monies received from the sale of the investment in Baxter Creek Developments for future capital and economic development projects of the First Nation.

	Whistler Blackcomb MDA	BC Hydro	Baxter Creek Development Agreement	2018 Total	2017 Total
Balance, beginning of year	\$ 2,630,336	\$ 5,712,729	\$ -	\$ 8,343,065	\$ 5,719,904
Revenues	1,677,543	-	4,000,000	5,677,543	2,630,336
Expenses	(1,131,609)	(629,070)	-	(1,760,679)	(7,175)
Balance, end of year	\$ 3,176,270	\$ 5,083,659	\$ 4,000,000	\$ 12,259,929	\$ 8,343,065

LIL'WAT NATION
Notes to Financial Statements

March 31, 2018

18. Expenses By Object

	Budget	2018	2017
Administration	\$ 48,446	\$ 27,494	\$ 21,729
Advertising	10,734	6,380	10,383
Amortization	1,322,960	1,513,753	1,445,188
Bad debts	10,000	10,965	239,203
CMHC approved expenses	-	39,131	35,756
Consulting	690,659	580,650	551,842
Contribution to Squamish Lil'wat Cultural Centre	233,372	233,372	233,371
Funding agency recoveries	-	310,601	-
Honoraria	224,621	180,640	183,659
Insurance	419,389	452,011	416,296
Interest and bank charges	81,664	48,683	71,644
Interest on long term debt	208,111	250,204	225,486
Local revenue - property tax expenses	17,224	19,868	17,298
Office	131,400	128,797	123,281
Other services and materials	2,393,596	3,141,184	2,636,934
Professional fees	165,000	167,172	204,531
Repairs and maintenance	602,921	509,859	750,963
Social development	1,368,149	1,716,797	1,425,821
Student allowances	25,000	20,900	24,400
Supplies	1,093,352	1,052,241	1,113,817
Telephone and utilities	552,438	605,008	609,465
Training and workshops	463,847	445,412	399,006
Travel	706,025	878,354	861,114
Wages and benefits	10,106,096	9,662,618	8,848,523
Total expenses for the year	\$ 20,875,004	\$ 22,002,094	\$ 20,449,710

LIL'WAT NATION

Notes to Financial Statements

March 31, 2018

19. Economic Dependence

The Lil'wat Nation receives 29% (2017 - 36%) of its revenue pursuant to funding arrangements with the Department of Indigenous Services Canada.

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 \$595,866 (2017 - \$657,891).
- (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, 2018

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	Xet'olacw Community School	Local Revenue	Total 2018 Actual	Total 2018 Budget
Revenues														
Department of Indigenous Services Canada	\$ -	\$ 916,242	\$ 746,977	\$ 1,847,824	\$ 306,571	\$ 1,029,234	\$ 599,530	\$ 14,548	\$ 495,449	\$ -	\$ 4,028,552	\$ -	\$ 9,984,927	\$ 9,138,095
First Nations Health Authority	-	-	-	-	2,684,796	-	-	-	250,000	-	-	-	2,934,796	3,069,264
Province of British Columbia	-	976,922	73,860	506,283	521,139	-	9,000	10,000	6,198,024	-	51,200	-	8,346,428	10,317,166
Income from business enterprises	-	1,135,729	-	-	-	-	-	-	-	-	-	-	1,135,729	-
Other	688,284	6,498,758	369,606	404,710	508,154	415,180	114,108	668,504	309,947	590,193	1,117,288	24,194	11,708,926	12,447,357
	688,284	9,527,651	1,190,443	2,758,817	4,020,660	1,444,414	722,638	693,052	7,253,420	590,193	5,197,040	24,194	34,110,806	34,971,882
Expenses														
Purchases	395,574	1,526,904	1,191,478	2,055,507	1,189,908	1,063,909	252,865	269,775	1,069,440	238,338	1,060,917	19,868	10,334,483	9,221,327
Payroll	75,211	1,497,246	847,827	717,497	2,134,527	297,941	17,326	583,444	-	22,442	3,649,796	-	9,843,257	10,330,717
Amortization	167,347	4,703	855,082	906	23,193	2,083	-	2,720	-	376,419	81,300	-	1,513,753	1,322,960
Funding agency recoveries	-	-	-	307,951	-	-	-	-	2,650	-	-	-	310,601	-
Transfers	-	2,017,327	(419,112)	(52,641)	(62,407)	-	(420,502)	(266,182)	(776,483)	-	(20,000)	-	-	-
	638,132	5,046,180	2,475,275	3,029,220	3,285,221	1,363,933	(150,311)	589,757	295,607	637,199	4,772,013	19,868	22,002,094	20,875,004
Surplus (deficit) for the year	\$ 50,152	\$ 4,481,471	\$ (1,284,832)	\$ (270,403)	\$ 735,439	\$ 80,481	\$ 872,949	\$ 103,295	\$ 6,957,813	\$ (47,006)	\$ 425,027	\$ 4,326	\$ 12,108,712	\$ 14,096,878

	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	Xet'olacw Community School	Local Revenue	Total 2017 Actual	Total 2017 Budget
Revenues														
Department of Indigenous Services Canada	\$ -	\$ 874,423	\$ 631,167	\$ 1,788,674	\$ 263,586	\$ 819,995	\$ 112,412	\$ 14,548	\$ 171,837	\$ -	\$ 3,914,759	\$ -	\$ 8,591,402	\$ 8,903,899
First Nations Health Authority	-	-	-	-	2,387,986	-	-	-	-	-	-	-	2,387,986	2,464,969
Province of British Columbia	-	410,714	203,753	226,956	465,665	-	-	-	311,983	-	-	-	1,619,071	1,166,893
Income from business enterprises	-	674,908	-	-	-	-	-	-	-	-	-	-	674,908	3,300,000
Other	641,808	4,042,235	354,525	374,053	425,686	548,902	256,589	761,845	1,800,395	552,808	1,049,731	20,040	10,828,617	7,521,971
	641,808	6,002,280	1,189,445	2,389,683	3,542,923	1,368,897	369,001	776,393	2,284,215	552,808	4,964,490	20,040	24,101,984	23,357,732
Expenses														
Purchases	492,500	1,473,423	1,274,595	1,692,248	1,279,712	1,116,677	367,946	314,884	695,979	197,919	1,048,914	17,542	9,972,339	8,697,926
Payroll	71,078	1,358,369	688,924	602,408	2,102,288	351,924	56,922	606,747	-	22,497	3,171,026	-	9,032,183	9,267,844
Amortization	87,972	16,127	860,863	906	22,559	2,083	-	2,720	-	376,419	75,539	-	1,445,188	1,293,135
Transfers	-	400,427	-	(15,000)	(65,000)	-	5,000	(308,000)	(18,027)	-	600	-	-	-
	651,550	3,248,346	2,824,382	2,280,562	3,339,559	1,470,684	429,868	616,351	677,952	596,835	4,296,079	17,542	20,449,710	19,258,905
Surplus (deficit) for the year	\$ (9,742)	\$ 2,753,934	\$ (1,634,937)	\$ 109,121	\$ 203,364	\$ (101,787)	\$ (60,867)	\$ 160,042	\$ 1,606,263	\$ (44,027)	\$ 668,411	\$ 2,498	\$ 3,652,274	\$ 4,098,827

LIL'WAT NATION

Notes to Financial Statements

March 31, 2018

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 DISC 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 First Nations Health Authority. 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, 2018

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.

Xet'olacw Community School

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

Local Revenue

The local revenue program includes revenue and expenses relating to Lil'wat Nation's property tax program.

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 and fixed rate long term debt, bank indebtedness and portfolio investments that it holds. The following table summarizes the Lil'wat Nation's net exposure to loans and securities with variable interest rates:

	<u>2018</u>	<u>2017</u>
Long term debt and bank indebtedness (net exposure)	\$ (559,641)	\$ (2,281,717)
Restricted temporary investments	<u>7,099,470</u>	<u>7,011,760</u>
Net exposure	<u>\$ 6,539,829</u>	<u>\$ 4,730,043</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 \$65,398 (2017 - \$47,300). 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

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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	2018 Total
Accounts receivable	\$ 1,137,712	\$ 587,398	\$ 3,018,714	\$ 4,743,824
Allowance for doubtful accounts	-	-	(2,197,004)	(2,197,004)
	\$ 1,137,712	\$ 587,398	\$ 821,710	\$ 2,546,820
	Current	31 to 60 days	Over 60 days	2017 Total
Accounts receivable	\$ 2,374,775	\$ 17,674	\$ 3,034,501	\$ 5,426,950
Allowance for doubtful accounts	-	-	(2,329,694)	(2,329,694)
	\$ 2,374,775	\$ 17,674	\$ 704,807	\$ 3,097,256

Concentration of Credit Risk

As at March 31, 2018 there were 2 (2017 - Nil) counterparties holding more than 10% of net accounts receivables and in aggregate 30% (2017 - 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

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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	2018 Total
Bank indebtedness	\$ 475,660	\$ -	\$ -	\$ 475,660
Accounts payable and accrued liabilities	2,378,312	1,515,627	1,137,772	5,031,711
Obligation under capital lease	7,060	77,661	308,981	393,702
Long term debt	37,389	411,280	8,741,602	9,190,271
	<u>\$ 2,898,421</u>	<u>\$ 2,004,568</u>	<u>\$ 10,188,355</u>	<u>\$ 15,091,344</u>
	Current	30 to 364 days	Over 1 year	2017 Total
Bank indebtedness	\$ 1,489,244	\$ -	\$ -	\$ 1,489,244
Accounts payable and accrued liabilities	1,510,187	38,670	451,989	2,000,846
Obligation under capital lease	8,144	89,586	329,746	427,476
Long term debt	62,407	686,472	10,203,660	10,952,539
	<u>\$ 3,069,982</u>	<u>\$ 814,728</u>	<u>\$ 10,985,395</u>	<u>\$ 14,870,105</u>

See Note 20 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.