

**LIL'WAT NATION
FINANCIAL STATEMENTS
For the year ended March 31, 2020**

LIL'WAT NATION
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For the year ended March 31, 2020

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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

 Dean Wilson Chief

 Chairperson of Finance and Audit Committee

 Interim Chief Operating Officer

Independent Auditor's Report

To the Members of the Lil'wat Nation

Opinion

We have audited the financial statements of Lil'wat Nation ("the First Nation") which comprise the statement of financial position as at March 31, 2020, and the statements of financial activities, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2020, and its results of operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information - Supplementary Information

We draw attention to the fact that the supplementary information included on pages 38 through 59 do not form part of the financial statements. We have not audited or reviewed this supplementary information, and accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

Other Matter

These financial statements include unaudited supplementary schedules which present detailed program revenues and expenditures and have been prepared to assist management of the First Nation to meet the reporting requirements of various funding agencies. Our report is intended solely for management of the First Nation and various funding agencies. As a result, the financial statements should not be distributed to or used by other parties.

Lil'wat Nation has also prepared another set of financial statements for the year ended March 31, 2020 in accordance with Canadian public sector accounting standards. However, those consolidated financial statements do not include unaudited supplementary schedules. Our audit report on the other set of financial statements was issued to Chiefs and Council and was dated September 1, 2020.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in the summary of significant accounting policies, 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.

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Lil'wat Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Kelowna, British Columbia
September 1, 2020

LIL'WAT NATION
Statement of Financial Position

March 31	2020	2019
Financial Assets		
Cash	\$ 3,627,621	\$ 259,064
Restricted cash (Note 1)	5,254,662	4,978,262
Temporary investments (Note 2)	7,460,695	7,280,424
Accounts receivable (Note 3)	1,767,045	3,975,565
Due from related entities (Note 4)	279,035	205,939
Investment in business enterprises and partnerships (Note 5)	21,663,315	20,729,809
Ottawa Trust Funds	420,161	408,533
	<hr/> 40,472,534	<hr/> 37,837,596
Financial Liabilities		
Accounts payable and accrued liabilities (Note 7)	2,793,064	2,963,063
Deferred revenue (Note 8)	4,404,249	3,749,587
Due to related entities (Note 4)	3,854,224	1,872,585
Obligation under capital lease (Note 9)	294,137	404,490
Long term debt (Note 10)	9,276,403	9,526,808
	<hr/> 20,622,077	<hr/> 18,516,533
Net Financial Assets	19,850,457	19,321,063
Non - Financial Assets		
Tangible capital assets (Note 11)	52,443,113	48,012,854
Prepaid expenses	218,465	241,866
	<hr/> 52,661,578	<hr/> 48,254,720
Accumulated Surplus (Note 12)	\$ 72,512,035	\$ 67,575,783

Approved on behalf of the Band Council

Dean Nelson Chief

T. B. Chairperson of Finance and Audit Committee

M. Interim Chief Operating Officer

LIL'WAT NATION
Statement of Financial Activity

<u>For the year ended March 31</u>	<u>Budget</u>	<u>2020</u>	<u>2019</u>
Revenue			
Indigenous Services Canada	\$ 10,675,536	\$ 11,190,488	\$ 10,314,800
Canada Mortgage and Housing Corporation	276,441	276,407	268,089
Department of Fisheries and Oceans Canada	331,000	347,500	321,154
First Nations Education Steering Committee	1,437,063	1,663,807	1,332,210
First Nations Health Authority	7,708,767	6,558,264	3,461,423
BC First Nations Gaming	-	786,751	-
Province of British Columbia	1,541,387	2,066,826	3,871,261
Rental income	446,823	885,769	909,624
Skills & Employment Training income	1,376,746	1,319,917	690,724
Other income	5,425,360	4,365,781	5,739,321
Royalty income	1,598,050	1,663,663	1,530,330
Income from business enterprises and partnerships	-	534,057	-
Ottawa Trust Fund	-	-	89,280
	30,817,173	31,659,230	28,528,216
Expenses (Note 18)			
Operations Fund	17,567,449	19,213,011	17,829,299
Capital Fund	1,517,143	851,130	538,277
Xet'olacw Housing Fund	500,532	745,385	716,210
Xet'olacw Community School Fund	5,680,394	5,760,042	5,246,761
Loss from business enterprises and partnerships	-	-	274,313
Funding agency recoveries	-	4,514	52,628
CMHC approved expenditures	-	148,896	24,433
	25,265,518	26,722,978	24,681,921
Annual surplus	5,551,655	4,936,252	3,846,295
Accumulated surplus, beginning of year	67,575,783	67,575,783	63,729,488
Accumulated surplus, end of year	\$ 73,127,438	\$ 72,512,035	\$ 67,575,783

LIL'WAT NATION
Statement of Change in Net Financial Assets

For the year ended March 31	Budget	2020	2019
Annual surplus	\$ 5,551,655	\$ 4,936,252	\$ 3,846,295
Acquisition of tangible capital assets (Note 11)	(6,105,001)	(6,669,749)	(7,211,560)
Amortization of tangible capital assets (Note 11)	1,982,901	2,239,490	2,045,990
Change in prepaid expenses	-	23,401	(38,594)
	1,429,555	529,394	(1,357,869)
Net financial assets, beginning of year	19,321,063	19,321,063	20,678,932
Net financial assets, end of year	\$ 20,750,618	\$ 19,850,457	\$ 19,321,063

LIL'WAT NATION
Statement of Cash Flows

For the year ended March 31 2020 2019

Cash flows provided by (used in) operating activities		
Cash receipts from all funding sources	\$ 33,811,029	\$ 28,169,651
Cash paid to employees and suppliers	(24,163,723)	(23,998,022)
Interest paid	<u>(289,038)</u>	<u>(347,695)</u>
	<u>9,358,268</u>	<u>3,823,934</u>
Cash flows provided by (used in) capital activities		
Purchase of tangible capital assets	<u>(6,669,749)</u>	<u>(7,085,560)</u>
Cash flows provided by (used in) investing activities		
Change in long term investments	(399,449)	-
Change in restricted temporary investments	(180,271)	(180,953)
Change in Ottawa trust funds	(11,628)	(103,045)
Advances to related parties	<u>1,908,544</u>	<u>1,569,613</u>
	<u>1,317,196</u>	<u>1,285,615</u>
Cash flows provided by (used in) financing activities		
Issuance of long term debt	267,037	818,531
Repayment of long term debt and capital leases	<u>(627,795)</u>	<u>(471,203)</u>
	<u>(360,758)</u>	<u>347,328</u>
Increase (decrease) in cash and bank indebtedness	3,644,957	(1,628,683)
Cash, beginning of year	5,237,326	6,866,009
Cash, end of year	<u>\$ 8,882,283</u>	<u>\$ 5,237,326</u>
Represented by:		
Cash	\$ 3,627,621	\$ 259,064
Restricted cash	<u>5,254,662</u>	<u>4,978,262</u>
	<u>\$ 8,882,283</u>	<u>\$ 5,237,326</u>

LIL'WAT NATION

Summary of Significant Accounting Policies

March 31, 2020

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	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: <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.
Fund Accounting	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. The funds and enterprises of the Lil'wat Nation are as follows: <ul style="list-style-type: none">- Operations Fund- Capital Fund- Xet'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, 2020

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	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:								
	<table><tbody><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></tbody></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, 2020

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, 2020

1. Restricted Cash

	2020	2019
Xet'olacw Housing Operations		
Replacement reserve (Note 13)	\$ 641,232	\$ 576,116
Operating reserve (Note 14)	40,798	40,798
Funds held in trust	4,505	4,505
Restricted funds	<u>12,028,822</u>	<u>11,637,267</u>
	<u>\$ 12,715,357</u>	<u>\$ 12,258,686</u>

Restricted Cash is represented by:

Restricted cash	\$ 5,254,662	\$ 4,978,262
Restricted temporary investments (Note 2)	<u>7,460,695</u>	<u>7,280,424</u>
	<u>\$ 12,715,357</u>	<u>\$ 12,258,686</u>

2. Restricted Temporary Investments

Included in the restricted cash amounts in Note 1 are short term investments. The First Nation holds the following temporary investments in a chartered bank with the following terms:

	2020	2019
Monthly Income Fund	\$ 36,587	\$ 1,378,087
GIC's, with rates between 1.55% and 3.05%, maturing between August 24, 2020 and September 11, 2023.	6,429,514	4,912,251
Extendable step-up bonds, with coupons paid semi-annually between 2.40% and 2.50%, maturing between March 3, 2025 and February 26, 2026.	<u>994,594</u>	<u>990,086</u>
	<u>\$ 7,460,695</u>	<u>\$ 7,280,424</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.

LIL'WAT NATION
Notes to Financial Statements

March 31, 2020

3. Accounts Receivable

	2020	2019
Current	\$ 3,730,218	\$ 5,761,413
Long term	<u>500,195</u>	<u>500,195</u>
Allowance for doubtful accounts	<u>4,230,413</u> <u>(2,463,368)</u>	<u>6,261,608</u> <u>(2,286,043)</u>
	<u>\$ 1,767,045</u>	<u>\$ 3,975,565</u>

4. Due To/From Related Entities

The amounts due to and from related parties bear no interest and have no fixed terms of repayment. The entities below are all owned, controlled or significantly influenced by the First Nation.

Due From Related Entities

	2020	2019
Lil'wat Construction Enterprises Limited Partnership	\$ 2,457	\$ -
Lil'wat Capital Assets Limited Partnership	163,635	163,635
Lil'wat Forestry Ventures Limited Partnership	53,713	-
Lil'wat Management Services Limited Partnership	<u>59,230</u>	<u>42,304</u>
	<u>\$ 279,035</u>	<u>\$ 205,939</u>

Due To Related Entities

	2020	2019
Lil'wat Construction Enterprises Limited Partnership	\$ -	\$ 1,961
Lil'wat Forestry Ventures Limited Partnership	-	59,096
Lil'wat Retail Operations Limited Partnership	3,854,223	1,811,527
0915799 BC Ltd.	1	1
	<u>\$ 3,854,224</u>	<u>\$ 1,872,585</u>

LIL'WAT NATION
Notes to Financial Statements

March 31, 2020

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 \$91,021 (2019 - \$88,118).

During the year, the Lil'wat Nation received administration fees from a related party, Lil'wat Construction Enterprises Limited Partnership, in the amount of \$8,694 (2019 - \$9,261).

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 \$102,175 (2019 - \$143,207).

During the year, the Lil'wat Nation received administration fees and off reserve lands income from a related party, Lil'wat Retail Operations Limited Partnership, in the amount of \$12,895 (2019 - \$15,214).

During the year, the Lil'wat Nation received advances from a related party, Lil'wat Retail Operations Limited Partnership, in the amount of \$2,042,879 (2019 - \$1,794,406) related to the construction of a gas station.

During the year, the Lil'wat Nation received partnership distributions from a related party, Lil'wat Holdings Limited Partnership, in the amount of Nil (2019 - \$600,000).

During the year, the Lil'wat Nation incurred expenses on behalf of Lil'wat Construction Enterprises Limited Partnership in the amount of \$83,712 (2019 - \$75,806).

During the year, the Lil'wat Nation paid fees to Lil'wat Forestry Ventures Limited Partnership in the amount of \$49,500 (2019 - \$138,000).

During the year, the Lil'wat Nation contributed \$234,980 (2019 - \$235,248) to the Squamish Lil'wat Cultural Centre.

During the year, the Lil'wat Nation paid management fees to Lil'wat Management Services Limited Partnership, in the amount of \$25,607 (2019 - Nil).

During the year, the Lil'wat Nation contributed funds to be used towards a construction project to Lil'wat Capital Assets Limited Partnership in the amount of \$500,000 (2019 - Nil).

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, 2020

5. Investments in Business Enterprises and Partnerships

The First Nation has the following long term investments:

	2020	2019
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, 25% held by the Lil'wat Nation	-	100
Lil'wat Holdings Limited Partnership, 99.99% of partnership shares held by the Lil'wat Nation	21,663,196	20,729,700
BC First Nations Gaming Revenue Sharing LP	110	-
	<hr/> \$ 21,663,315	<hr/> \$ 20,729,809

LIL'WAT NATION
Notes to Financial Statements

March 31, 2020

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	2020	2019
Assets		
Cash	\$ 305,894	\$ 715,072
Accounts receivable	786,900	1,483,183
Inventory	740,090	303,065
Prepaid expenses	4,480	27,703
Due from related party	3,699,815	1,748,449
Deferred logging and engineering expenses	2,540,397	2,191,974
Forestry licenses	962,606	940,323
Long term investments	38,466	47,438
Tangible capital assets	<u>17,749,023</u>	<u>16,945,613</u>
 Total Assets	 <u>26,827,671</u>	 24,402,820
 Liabilities		
Accounts payable and accrued liabilities	788,088	1,309,899
Deferred revenue	-	22,279
Reforestation obligation	209,894	172,332
Long term debt	<u>3,687,646</u>	<u>1,689,763</u>
 Total Liabilities	 <u>4,685,628</u>	 3,194,273
 Net Assets	 <u>\$ 22,142,043</u>	 \$ 21,208,547
 (b) Summary of Financial Activities	 2020	 2019
Total Revenues	\$ 18,932,880	\$ 21,456,684
Total Expenses	<u>18,398,823</u>	<u>21,082,105</u>
 Income for the year	 <u>\$ 534,057</u>	 \$ 374,579

6. Bank Indebtedness

The First Nation has a line of credit with a total credit limit of \$2,000,000 (2019 - \$2,000,000), bearing interest at prime plus 0.5% (2019 - prime plus 0.5%), secured by a general security agreement, payable in monthly payments of interest only. At March 31, 2020 the amount of line of credit utilized was \$Nil (2019 - \$Nil).

LIL'WAT NATION
Notes to Financial Statements

March 31, 2020

7. Accounts Payable and Accrued Liabilities

	2020	2019
Trade accounts payable	\$ 1,299,022	\$ 1,156,804
Indigenous Services Canada (i)	121,219	160,618
Accrued wages and benefits payable	930,616	780,034
Accrued liabilities	359,710	862,726
Other	82,497	2,881
	<hr/>	<hr/>
	\$ 2,793,064	\$ 2,963,063

(i) The following amounts are repayable to Indigenous Services Canada ("ISC"):

	2020	2019
NP85-Basic Needs (2016/17) #4093	\$ 31,822	\$ 31,822
NCBO-3-NCB Re-Investment (2016/17) #4093	25,915	25,915
AW2X2-ICMS #9-00126373 Individual Housing (2016/17)	9,216	27,648
Rockfall Mitigation Project (2017/18)	8,705	26,115
NT93-Corporate Business (2015/16) #4091	4,911	4,911
DISC-NP8X-ESD-Client Supports (Active Measure) (2016-17)	2,476	7,429
NTMC-Special Services (ACRS 2014) (2017/18)	-	32,102
NP8L-002 Special Needs (2017/18)	72	216
NPC5-In-Home Care (2017/18)	133	399
NPC9-Institutional Care (2017/18)	45	135
NP99- Industry Training/Carpentry Foundation (2017/18)	1,309	3,926
NTMC FIXED Special Services (ICMS#9-00126574)ACRS 2017 Group 2	32,101	-
NPC9 SET Institutional Care-Co-Payment	2,954	-
NP99 SET SOCIAL ASS. EMPL & TRAINING (Support to Parents)	908	-
NP99 SET SOCIAL ASS. EMPL & TRAINING (Child Care)	652	-
	<hr/>	<hr/>
	\$ 121,219	\$ 160,618

LIL'WAT NATION
Notes to Financial Statements

March 31, 2020

8. Deferred Revenue

Deferred revenue represents monies received in advance for 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
Indigenous Services Canada	\$ 691,375	\$ 841,964	\$ (648,256)	\$ 885,083
First Nations Education Steering Committee	312,517	168,890	(312,517)	168,890
First Nations Health Authority	645,367	1,047,695	(645,367)	1,047,695
Lil'wat Housing Legacy	1,337,040	-	(80,000)	1,257,040
Province of British Columbia	-	95,000	-	95,000
Upper Lillooet River Power Project	69,000	-	(69,000)	-
Vancouver Island University	-	-	-	-
Capilano University	300,000	-	(300,000)	-
BC Aboriginal Child Care Society	15,000	-	(15,000)	-
BC Arts Council	8,000	24,000	(8,000)	24,000
BC Law Institute	21,048	101,337	(21,048)	101,337
Transfer Station	350,240	-	(350,240)	-
Corporation transfer to Agriculture	-	32,345	-	32,345
UBCM Flood Mitigation	-	375,000	-	375,000
Gov of Canada - LHOV-1-023	-	43,320	-	43,320
EcoAction - Agriculture grant	-	6,414	-	6,414
BC Dividend Grant	-	228,077	-	228,077
Indigenous Skills and Employment Training	-	100,949	-	100,949
Fisheries Proposal	-	39,099	-	39,099
2020 Totals	\$ 3,749,587	\$ 3,104,090	\$ (2,449,428)	\$ 4,404,249
2019 Totals	\$ 2,430,260	\$ 2,339,428	\$ (1,020,101)	\$ 3,749,587

LIL'WAT NATION
Notes to Financial Statements

March 31, 2020

9. Obligation Under Capital Lease

	2020	2019
Royal Bank - Capital Fund - Payable in monthly payments of \$2,313 including interest at 3.66%, secured by specific assets, maturing February 2024	96,431	120,185
Royal Bank - Capital Fund - Payable in monthly payments of \$2,056 including interest at 3.26%, secured by specific assets, maturing August 2021	32,147	55,357
Royal Bank - Capital Fund - Payable in monthly payments of \$1,760 including interest at 3.63%, secured by specific assets, maturing December 2022	53,596	72,396
Royal Bank - Capital Fund - Payable in monthly payments of \$1,217 including interest at 4.27%, secured by specific assets, maturing August 2023	40,029	52,635
Royal Bank - Capital Fund - Payable in monthly payments of \$2,896 including interest at 4.11%, secured by specific assets, maturing May 2022	71,934	103,037
Royal Bank - repaid in the year	-	880
	<u>294,137</u>	<u>404,490</u>
Less current portion	<u>113,671</u>	<u>110,351</u>
	<u>\$ 180,466</u>	<u>\$ 294,139</u>

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

2021	\$ 122,909
2022	106,462
2023	61,018
2024	<u>20,819</u>
	<u>311,208</u>
Less imputed interest	<u>(17,071)</u>
	<u>\$ 294,137</u>

LIL'WAT NATION
Notes to Financial Statements

March 31, 2020

10. Long Term Debt

	2020	2019
Lil'wat Nation - Operations Fund		
CIBC - renovation loan, repayable in monthly installments of \$820, including interest at 3.94% per annum, maturing July 1, 2020, secured by ministerial guarantee agreement and CMHC insurance.	\$ 28,555	\$ 37,002
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.	572,770	597,933
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.	189,938	213,448
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.	110,132	148,336
Bank of Montreal - non-revolving demand construction loan, repayable in monthly installments of \$4,858, including interest at 4.39% per annum, secured by assignment of assets.	816,969	840,643
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.	1,334,772	1,361,641
All Nations Trust Company - loan repayable in monthly installments of \$3,202, including interest at 5.24% per annum, maturing March 1, 2024, secured by ministerial guarantee agreement.	<u>276,633</u>	<u>300,108</u>
Balance carried forward	<u>\$ 3,329,769</u>	<u>\$ 3,499,111</u>

LIL'WAT NATION
Notes to Financial Statements

March 31, 2020

10. Long Term Debt (continued)

	2020	2019
Balance brought forward	\$ 3,329,769	\$ 3,499,111
Xet'olacw Housing Operations		
All Nations Trust Company - Phase 14 mortgage repayable in monthly installments of \$331 including interest at 1.86% per annum, renewal date of March 1, 2024, maturing March 1, 2024, secured by ministerial guarantee.	15,271	18,915
All Nations Trust Company - Phase 14-2 mortgage repayable in monthly installments of \$1,677 including interest at 1.86% per annum, renewal date of March 1, 2024, maturing March 1, 2024, secured by ministerial guarantee.	77,534	96,030
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.	127,109	151,301
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.	48,751	57,114
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.	95,364	111,724
Balance carried forward	\$ 3,693,798	\$ 3,934,195

LIL'WAT NATION
Notes to Financial Statements

March 31, 2020

10. Long Term Debt (continued)

	2020	2019
Balance brought forward	\$ 3,693,798	\$ 3,934,195
Xet'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.	144,032	165,407
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.	167,473	191,243
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.	148,025	167,368
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.	1,564,430	1,653,864
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.	796,929	829,758
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.	1,198,201	1,247,881
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.	<u>1,296,478</u>	<u>1,337,092</u>
Balance carried forward	<u>\$ 9,009,366</u>	<u>\$ 9,526,808</u>

LIL'WAT NATION
Notes to Financial Statements

March 31, 2020

10. Long Term Debt (continued)

	2020	2019
Balance brought forward	\$ 9,009,366	\$ 9,526,808
Xet'olacw Housing Operations		
All Nations Trust Company - Phase 24 mortgage repayable in monthly installments including interest at 3.04% per annum, renewal date June 1, 2025, maturing June 1, 2045, secured by ministerial guarantee.	<u>267,037</u>	-
	\$ 9,276,403	\$ 9,526,808
Less current portion	<u>522,512</u>	503,348
	<u><u>\$ 8,753,891</u></u>	<u><u>\$ 9,023,460</u></u>

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

2021	\$ 522,512
2022	533,832
2023	533,901
2024	503,304
2025	490,398
Thereafter	<u>6,692,456</u>
	<u><u>\$ 9,276,403</u></u>

LIL'WAT NATION
Notes to Financial Statements

March 31, 2020

11. Tangible Capital Assets

	2020				
	Land	Buildings	Community infrastructure	Equipment	Assets under construction
Cost, beginning of year	\$ 5,516,435	\$ 43,802,191	\$ 14,276,354	\$ 3,544,704	\$ 6,599,553
Additions	-	-	-	391,417	6,278,332
Asset transfers	-	4,611,412	-	-	(4,611,412)
Cost, end of year	\$ 5,516,435	\$ 48,413,603	\$ 14,276,354	\$ 3,936,121	\$ 8,266,473
Accumulated amortization, beginning of year	\$ -	\$ 16,853,458	\$ 6,717,333	\$ 2,155,592	- \$ 25,726,383
Amortization	-	1,589,206	364,077	286,207	- 2,239,490
Accumulated amortization, end of year	\$ -	\$ 18,442,664	\$ 7,081,410	\$ 2,441,799	- \$ 27,965,873
Net carrying amount, end of year	\$ 5,516,435	\$ 29,970,939	\$ 7,194,944	\$ 1,494,322	\$ 8,266,473

Assets under capital leases in the amount of \$644,323 (2019 - \$730,014) with related accumulated amortization of \$227,963 (2019 - \$204,616) are included in equipment.

LIL'WAT NATION
Notes to Financial Statements

March 31, 2020

11. Tangible Capital Assets (continued)

	2019				
	Land	Buildings	Community infrastructure	Equipment	Assets under construction
Cost, beginning of year	\$ 5,516,435	\$ 33,804,756	\$ 13,845,049	\$ 3,024,643	\$ 10,365,542
Additions	-	-	-	350,023	6,861,537
Disposals	-	-	-	(28,748)	-
Asset transfers	-	9,997,435	431,305	198,786	(10,627,526)
Cost, end of year	\$ 5,516,435	\$ 43,802,191	\$ 14,276,354	\$ 3,544,704	\$ 6,599,553
Accumulated amortization, beginning of year	\$ -	\$ 15,448,709	\$ 6,352,226	\$ 1,908,206	\$ -
Amortization	-	1,404,749	365,107	276,134	-
Disposals	-	-	-	(28,748)	-
Accumulated amortization, end of year	\$ -	\$ 16,853,458	\$ 6,717,333	\$ 2,155,592	\$ -
Net carrying amount, end of year	\$ 5,516,435	\$ 26,948,733	\$ 7,559,021	\$ 1,389,112	\$ 6,599,553
					\$ 48,012,854

LIL'WAT NATION
Notes to Financial Statements

March 31, 2020

12. Accumulated Surplus

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

	2020	2019
Equity in business enterprises and partnerships (Note 5)	\$ 21,663,315	\$ 20,729,809
Replacement reserve (Note 13)	482,309	550,657
Operating reserve (Note 14)	40,801	40,801
Equity in tangible capital assets (Note 15)	44,896,628	40,105,905
Equity in Ottawa Trust Funds (Note 16)	420,161	408,533
Restricted equity - Other (Note 17)	12,758,749	11,592,151
Restricted equity for Xet'olacw Community School	231,384	231,384
Deficit	<u>(7,981,312)</u>	<u>(6,083,457)</u>
	<u>\$ 72,512,035</u>	<u>\$ 67,575,783</u>

13. Replacement Reserve

	2020	2019
Balance, beginning of year	\$ 550,657	\$ 498,678
Add:		
Current year allocation	75,210	73,760
Interest	5,338	2,652
Less:		
Approved expenditures	<u>148,896</u>	<u>24,433</u>
Balance, end of year	482,309	550,657
Funded balance (Note 1)	<u>641,232</u>	<u>576,116</u>
Over funded balance	<u>\$ (158,923)</u>	<u>\$ (25,459)</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 \$75,210 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, 2020

14. Operating Reserve

	2020	2019
Balance, beginning of year	\$ 40,801	\$ 40,801
Balance, end of year	40,801	40,801
Funded balance (Note 1)	<u>40,798</u>	<u>40,798</u>
Under funded balance	<u>\$ 3</u>	<u>\$ 3</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

	2020	2019
Balance, beginning of the year	\$ 40,105,905	\$ 35,285,076
Add:		
Purchases of tangible capital assets	6,669,749	7,211,560
Debt and capital lease repayment	<u>627,501</u>	<u>601,610</u>
	7,297,250	7,813,170
Less:		
Amortization of tangible capital assets	2,239,490	2,045,990
New debt and capital leases	<u>267,037</u>	<u>946,351</u>
	2,506,527	2,992,341
	<u>\$ 44,896,628</u>	<u>\$ 40,105,905</u>

LIL'WAT NATION
Notes to Financial Statements

March 31, 2020

16. Equity in Ottawa Trust Funds

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

	Revenue	Capital	2020 Total	2019 Total
Balance, beginning of year	\$ 79,571	\$ 328,962	\$ 408,533	\$ 305,488
Add:				
Interest on trust balances	6,608	-	6,608	8,750
BC Special Grant	5,020	-	5,020	5,015
Stumpage fees	-	-	-	89,280
	<hr/> <u>11,628</u>	<hr/> <u>-</u>	<hr/> <u>11,628</u>	<hr/> <u>103,045</u>
Balance, end of year	<hr/> <u>\$ 91,199</u>	<hr/> <u>\$ 328,962</u>	<hr/> <u>\$ 420,161</u>	<hr/> <u>\$ 408,533</u>

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, 2020

17. Restricted Equity - Other

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.

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.

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.

BC Gaming Revenue

The Lil'wat Nation has internally restricted a portion of the monies received from the BC First Nations Gaming Revenue Sharing agreement for future capital and economic development projects of the First Nation.

	Balance, beginning of year	Revenues	Expenses	Balance, end of year
Whistler Blackcomb MDA	\$ 3,650,998	\$ 1,882,978	\$ (917,759)	\$ 4,616,217
BC Hydro	4,494,727	-	-	4,494,727
Baxter Creek Development Agreement	3,446,426	301,379	(175,000)	3,572,805
BC Gaming Revenue	-	75,000	-	75,000
2020 Totals	\$ 11,592,151	\$ 2,259,357	\$ (1,092,759)	\$ 12,758,749
2019 Totals	\$ 12,259,929	\$ 2,015,247	\$ (2,683,025)	\$ 11,592,151

LIL'WAT NATION
Notes to Financial Statements

March 31, 2020

18. Expenses By Object

	Budget	2020	2019
Administration	\$ -	\$ 30,489	\$ 30,717
Advertising	6,200	12,601	9,549
Amortization	1,982,901	2,239,491	2,045,990
Bad debts	-	177,325	154,126
CMHC approved expenses	-	148,896	24,433
Consulting	597,599	604,665	687,741
Contribution to Squamish Lil'wat Cultural Centre	234,000	234,980	235,248
Funding agency recoveries	-	4,514	52,628
Honoraria	311,821	327,649	295,936
Insurance	538,939	529,463	504,618
Interest and bank charges	59,450	48,846	63,326
Interest on long term debt	239,872	240,192	284,369
Local revenue - property tax expenses	28,655	25,697	28,963
Loss from business enterprises and partnerships	-	-	274,313
Office	133,708	105,281	87,931
Other services and materials	2,549,575	4,177,506	3,195,725
Professional fees	239,906	207,927	321,092
Repairs and maintenance	433,910	564,740	616,104
Social development	1,943,234	1,979,004	1,820,029
Student allowances	22,000	14,825	21,840
Supplies	1,211,143	1,509,819	1,390,453
Telephone and utilities	684,690	636,113	657,588
Training and workshops	1,231,913	571,872	553,339
Travel	881,592	1,004,250	967,312
Wages and benefits	11,934,410	11,326,833	10,358,551
Total expenses for the year	<u>\$ 25,265,518</u>	<u>\$ 26,722,978</u>	<u>\$ 24,681,921</u>

LIL'WAT NATION
Notes to Financial Statements

March 31, 2020

19. 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 \$441,125 (2019 - \$551,737).
- (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.

20. Impact of COVID-19

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the First Nation, its members, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the First Nation's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the First Nation is not known. Although the disruption of the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration and disruption and the related financial impact cannot be reasonably estimated at this time.

LIL'WAT NATION
Notes to Financial Statements

March 31, 2020

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	Xet'olacw Housing Operations	Xet'olacw Community School	Local Revenue	Total 2020 Actual	Total 2020 Budget	
Revenues															
Indigenous Services Canada	\$ -	\$ 958,001	\$ 794,895	\$ 2,732,974	\$ 278,783	\$ 1,003,277	\$ 105,969	\$ 14,548	\$ 1,006,966	\$ 3,648,769	\$ -	\$ 4,295,075	\$ -	\$ 11,190,488	
First Nations Health Authority	-	1,047,979	-	261,203	2,909,495	28,721	5,000	48,060	-	-	-	-	-	6,558,264	
Province of British Columbia	-	-	-	675,863	-	-	-	-	-	-	-	-	-	7,708,767	
Income from business enterprises	-	534,057	-	-	402,435	1,890,688	86,313	758,031	631,334	673,919	1,944,172	30,357	-	1,541,387	
Other	677,552	3,214,620	440,792	559,382	3,553,559	4,266,576	2,922,686	197,282	820,639	5,287,069	673,919	2,350,903	30,357	534,057	
	677,552	5,754,657	1,235,687	-	-	-	-	-	-	-	-	-	-	10,891,483	
Expenses															
Purchases	572,747	2,727,821	853,833	2,586,284	1,387,004	1,777,980	306,980	306,178	676,130	279,132	1,320,709	29,697	12,824,495	11,036,386	
Payroll	101,231	1,843,344	911,794	802,102	2,101,922	799,255	58,794	693,542	-	23,049	4,319,448	-	11,654,481	12,246,231	
Amortization	167,347	223,029	830,604	4,104	30,935	392,060	25,600	2,720	-	443,204	119,885	-	2,239,488	1,982,901	
Funding agency recoveries	-	-	-	1,560	2,954	-	-	-	-	-	-	-	-	4,514	
Transfers	-	992,423	(410,095)	(82,898)	64,025	(177,506)	(50,689)	(290,260)	-	-	(45,000)	-	-	-	
	841,325	5,786,617	2,186,136	3,311,152	3,586,840	2,791,789	340,685	712,180	676,130	745,385	5,715,042	29,697	26,722,978	25,265,518	
	Surplus (deficit) for the year	\$ (163,773)	\$ (31,960)	\$ (950,449)	\$ 242,407	\$ 679,736	\$ 130,897	\$ (143,403)	\$ 108,459	\$ 4,610,939	\$ (71,466)	\$ (3,364,139)	\$ 660	\$ 4,936,252	\$ 5,551,655
Revenues															
Indigenous Services Canada	\$ -	\$ 978,255	\$ 819,151	\$ 2,305,404	\$ 304,418	\$ 2,655,182	\$ 188,000	\$ 111,333	\$ 14,548	\$ 582,940	\$ 806,241	\$ -	\$ 4,208,838	\$ -	
First Nations Health Authority	-	1,219,063	-	275,795	560,288	676,441	660,914	536,517	732,115	1,993,785	1,596,172	-	21,943	-	
Province of British Columbia	-	2,571,304	507,575	676,441	424,970	-	-	-	-	-	730,336	1,347,035	29,749	3,461,423	
Other	669,991	4,768,622	1,326,726	3,257,640	3,944,858	1,650,827	835,850	756,663	4,979,138	5,577,816	730,336	5,577,816	29,749	3,871,261	
	669,991	-	-	-	-	-	-	-	-	-	-	-	-	1,801,887	
Expenses															
Purchases	548,927	1,814,169	1,074,700	2,284,902	1,408,958	1,534,902	679,551	393,875	538,277	250,239	1,097,041	28,963	11,654,504	9,273,607	
Payroll	80,746	1,697,563	829,120	902,417	1,982,069	316,179	183,545	596,816	-	22,767	4,043,264	-	10,654,486	11,052,621	
Amortization	167,347	216,592	703,830	906	44,139	335,196	25,600	8,421	-	443,204	106,456	-	2,045,990	1,496,377	
Funding agency transactions	-	-	-	216	534	11,355	-	-	32,102	-	-	-	52,628	-	
Loss from business enterprises	-	274,313	-	-	-	-	-	-	-	-	-	-	274,313	-	
Transfers	-	1,850,294	(23,554)	(93,854)	(17,303)	(49,750)	(100,164)	(315,052)	(1,287,297)	-	(8,320)	-	-	-	
	797,020	5,897,931	2,584,096	3,034,587	2,147,882	3,418,397	796,953	678,359	(716,918)	716,210	5,238,441	28,963	24,681,921	21,822,605	
	Surplus (deficit) for the year	\$ (127,029)	\$ (1,129,309)	\$ (1,257,370)	\$ 163,053	\$ 526,461	\$ (497,055)	\$ 38,897	\$ 78,304	\$ 5,696,056	\$ 14,126	\$ 339,375	\$ 786	\$ 3,846,295	\$ 3,519,323

LIL'WAT NATION Notes to Financial Statements

March 31, 2020

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 ISC 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, 2020

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.

Xet'olacw Housing Operations

The Xet'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:

	2020	2019
Long term debt and bank indebtedness (net exposure)	\$ -	\$ (94,805)
Restricted temporary investments	<u>7,460,695</u>	<u>7,280,424</u>
Net exposure	<u><u>\$ 7,460,695</u></u>	<u><u>\$ 7,185,619</u></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 \$74,607 (2019 - \$71,856). 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, 2020

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	2020 Total
Accounts receivable	\$ 783,131	\$ 36,445	\$ 3,410,837	\$ 4,230,413
Allowance for doubtful accounts	-	-	(2,463,368)	(2,463,368)
	\$ 783,131	\$ 36,445	\$ 947,469	\$ 1,767,045
	Current	31 to 60 days	Over 60 days	2019 Total
Accounts receivable	\$ 1,925,509	\$ 1,295,861	\$ 3,040,238	\$ 6,261,608
Allowance for doubtful accounts	-	-	(2,286,043)	(2,286,043)
	\$ 1,925,509	\$ 1,295,861	\$ 754,195	\$ 3,975,565

Concentration of Credit Risk

As at March 31, 2020 there was 1 (2019 - 2) counterparties each holding more than 10% of net accounts receivables and in aggregate 29% (2019 - 34%) 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.