

LIL'WAT NATION
FINANCIAL STATEMENTS
For the year ended March 31, 2023

LIL'WAT NATION
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For the year ended March 31, 2023

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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.

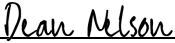


The Lil'wat Nation maintains systems of internal accounting and administrative controls, consistent with reasonable costs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted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

<div>DocuSigned by:  568967812465495... DocuSigned by:</div>	Chief
<div> 4DD3D1DA48FF486... DocuSigned by:</div>	Chairperson of Finance and Audit Committee
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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, 2023, and the statements of financial activity, 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, 2023, 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 Matter

Lil'wat Nation has also prepared another set of financial statements for the year ended March 31, 2023 in accordance with Canadian public sector accounting standards. However, those consolidated financial statements include unaudited supplementary schedules. Our audit report on the other set of financial statements was issued to Chiefs and Council and was dated October 24, 2023.



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

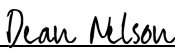

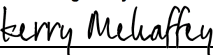
Kelowna, British Columbia
October 24, 2023

LIL'WAT NATION

Statement of Financial Position

March 31	2023	2022
Financial Assets		
Cash	\$ 10,592,776	\$ 11,591,883
Restricted cash (Note 2)	13,516,428	11,068,609
Temporary investments (Note 3)	21,117,498	7,669,388
Accounts receivable (Note 4)	6,051,405	5,620,930
Due from related entities (Note 5)	8,001,581	7,369,603
Investment in business enterprises and partnerships (Note 6)	20,094,344	22,834,578
Ottawa Trust Funds	471,580	452,632
	<u>79,845,612</u>	<u>66,607,623</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 8)	3,817,363	4,015,275
Deferred revenue (Note 9)	12,543,067	14,811,185
Due to related entities (Note 5)	278,307	80,779
Obligation under capital lease	19,732	79,038
Long term debt (Note 10)	18,229,101	17,847,168
Asset retirement obligation (Note 12)	190,754	180,253
	<u>35,078,324</u>	<u>37,013,698</u>
Net Financial Assets	<u>44,767,288</u>	<u>29,593,925</u>
Non - Financial Assets		
Tangible capital assets (Note 11)	61,567,224	55,417,244
Prepaid expenses	561,243	493,398
	<u>62,128,467</u>	<u>55,910,642</u>
Accumulated Surplus (Note 13)	<u>\$ 106,895,755</u>	<u>\$ 85,504,567</u>

Approved on behalf of the Band Council

DocuSigned by: 	Chief
DocuSigned by: 	Chairperson of Finance and Audit Committee
DocuSigned by: 	Chief Administrative Officer

LIL'WAT NATION

Statement of Financial Activity

For the year ended March 31	Budget	2023	2022
Revenue			
Indigenous Services Canada	\$ 17,745,884	\$26,835,146	\$ 16,435,023
Canada Mortgage and Housing Corporation	370,059	837,721	315,267
Department of Fisheries and Oceans Canada	375,600	518,206	662,067
First Nations Education Steering Committee	2,467,126	3,409,393	2,009,312
Education Jurisdiction funding (CIRNAC)	-	3,752,500	-
First Nations Health Authority	4,404,155	3,589,616	2,912,781
BC First Nations Gaming	-	1,113,490	479,377
Province of British Columbia	4,538,938	4,362,604	5,320,173
Rental income	1,009,080	995,380	953,171
Skills & Employment Training income	1,493,477	1,276,179	1,976,716
Other income	9,343,943	7,639,981	4,805,854
Royalty income	1,710,348	1,941,056	1,310,881
Income from business enterprises and partnerships	600,000	-	1,397,170
	<u>44,058,610</u>	<u>56,271,272</u>	<u>38,577,792</u>
Expenses (Note 18)			
Operations Fund	26,808,950	24,120,644	23,743,945
Capital Fund	7,291,763	409,961	290,612
Xet'olacw Housing Fund	887,842	1,036,366	866,230
Xet'olacw Community School Fund	8,172,253	7,122,670	5,907,133
Loss from business enterprises and partnerships	-	2,140,234	-
Funding agency recoveries	-	2,354	-
CMHC approved expenditures	-	47,855	38,152
	<u>43,160,808</u>	<u>34,880,084</u>	<u>30,846,072</u>
Annual surplus	<u>897,802</u>	<u>21,391,188</u>	<u>7,731,720</u>
Accumulated surplus, beginning of year, as previously reported	85,504,567	85,504,567	77,882,153
Change in accounting policy (Note 1)	-	-	(109,306)
Accumulated surplus, beginning of year	<u>85,504,567</u>	<u>85,504,567</u>	<u>77,772,847</u>
Accumulated surplus, end of year	<u>\$ 86,402,369</u>	<u>\$ 106,895,755</u>	<u>\$ 85,504,567</u>

LIL'WAT NATION
Statement of Change in Net Financial Assets

For the year ended March 31	Budget	2023	2022
Annual surplus	\$ 897,802	\$21,391,188	\$ 7,731,720
Acquisition of tangible capital assets (Note 11)	(5,147,824)	(9,069,964)	(5,916,048)
Amortization of tangible capital assets (Note 11)	388,498	2,919,984	2,726,918
Change in prepaid expenses	-	(67,845)	(245,208)
	(3,861,524)	15,173,363	4,297,382
Net financial assets, beginning of year	29,593,925	29,593,925	25,405,849
Change in accounting policy	-	-	(109,306)
Net financial assets, end of year	\$ 25,732,401	\$44,767,288	\$ 29,593,925

LIL'WAT NATION

Statement of Cash Flows

For the year ended March 31	2023	2022
Cash flows provided by (used in) operating activities		
Cash receipts from all funding sources	\$53,819,031	\$ 39,964,552
Cash paid to employees and suppliers	(29,315,131)	(27,035,646)
Interest paid	(356,804)	(276,793)
	<u>24,147,096</u>	<u>12,652,113</u>
Cash flows provided by (used in) capital activities		
Purchase of tangible capital assets	(9,064,486)	(5,845,101)
Cash flows provided by (used in) investing activities		
Change in restricted temporary investments	(13,448,110)	(34,829)
Change in Ottawa trust funds	(18,948)	(22,539)
Advances to related parties	(489,466)	(7,059,141)
	<u>(13,956,524)</u>	<u>(7,116,509)</u>
Cash flows provided by (used in) financing activities		
Issuance of long term debt	-	8,844,761
Repayment of long term debt and capital leases	322,626	(1,123,343)
	<u>322,626</u>	<u>7,721,418</u>
Increase in cash	1,448,712	7,411,921
Cash, beginning of year	22,660,492	15,248,571
Cash, end of year	\$24,109,204	\$ 22,660,492
Represented by:		
Cash	\$10,592,776	\$ 11,591,883
Restricted cash	13,516,428	11,068,609
	<u>\$24,109,204</u>	<u>\$ 22,660,492</u>

LIL'WAT NATION

Summary of Significant Accounting Policies

March 31, 2023

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. - Spel'kúmtn Community Forest 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 - 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, 2023

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, 2023

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.

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, 2023

1. Adoption of PS3280 - Asset Retirement Obligations

On April 1, 2022, the First Nation adopted Public Sector Accounting Standard PS3280 - Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The standard was adopted on the modified retroactive basis at the date of transition.

In accordance with the new standard, the First Nation recorded the following adjustments on April 1, 2021 related to its asset retirement obligations (ARO):

- The ARO opening balance for all assets with retirement obligations was calculated as \$180,253. A corresponding increase to tangible capital assets of \$70,947 and decrease to opening accumulated surplus of \$109,306 has been recorded.

LIL'WAT NATION

Notes to Financial Statements

March 31, 2023

2. Restricted Cash

	2023	2022
Xet'olacw Housing Operations		
Replacement reserve (Note 14)	\$ 650,042	\$ 644,504
Operating reserve (Note 15)	47,788	40,758
Funds held in trust	4,505	4,505
Restricted funds	<u>33,931,591</u>	<u>18,048,230</u>
	<u>\$34,633,926</u>	<u>\$ 18,737,997</u>

Restricted Cash is represented by:

Restricted cash	\$13,516,428	\$ 11,068,609
Restricted temporary investments (Note 3)	<u>21,117,498</u>	<u>7,669,388</u>
	<u>\$34,633,926</u>	<u>\$ 18,737,997</u>

3. Restricted Temporary Investments

Included in the restricted cash amounts in Note 2 are short term investments. The First Nation holds the following temporary investments in a chartered bank with the following terms:

	2023	2022
GIC's, with rates between 0.80% and 4.66%, maturing between April, 2023 and March, 2027.	\$ 6,918,573	\$ 6,745,762
GIC's, with rates between 5.00% and 5.10%, maturing between January, 2024 and January, 2025	13,320,085	-
Extendable step-up bonds, with coupons paid semi-annually between 1.60% and 2.75%, maturing March, 2029.	<u>878,840</u>	<u>923,626</u>
	<u>\$21,117,498</u>	<u>\$ 7,669,388</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, 2023

4. Accounts Receivable

	2023	2022
Current	\$ 8,718,637	\$ 7,934,499
Long term	500,195	500,195
	<u>9,218,832</u>	<u>8,434,694</u>
Allowance for doubtful accounts	<u>(3,167,427)</u>	<u>(2,813,764)</u>
	<u>\$ 6,051,405</u>	<u>\$ 5,620,930</u>

5. 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

	2023	2022
Lil'wat Cultural Lands Society - School	\$ 65,850	\$ -
Lil'wat Capital Assets Limited Partnership	-	163,635
Lil'wat Forestry Ventures Limited Partnership	63,929	7,081,053
Loan from Lil'wat Forestry Ventures Limited Partnership	7,186,433	-
Lil'wat Holdings Limited Partnership	600,000	-
Lil'wat Management Services Limited Partnership	60,734	124,915
Lil'wat Retail Operations Limited Partnership	24,635	-
	<u>\$ 8,001,581</u>	<u>\$ 7,369,603</u>

Due To Related Entities

	2023	2022
Lil'wat Construction Enterprises Limited Partnership	\$ 3,435	\$ 24,996
Lil'wat Capital Assets Limited Partnership	274,871	-
0915799 BC Ltd.	1	1
Lil'wat Retail Operations Limited Partnership	-	55,782
	<u>\$ 278,307</u>	<u>\$ 80,779</u>

LIL'WAT NATION

Notes to Financial Statements

March 31, 2023

5. Due To/From Related Entities (continued)

Related Party Transactions

During the year, the First Nation entered into an agreement with a related party, Lil'wat Forestry Ventures Limited Partnership, to provide a loan of \$7,000,018. The purpose of this loan was to finance costs, outlays and expenses related to the initiative to acquire specific forestry tenures and related assets. The loan has a 30-year term and carries an annual interest rate of 1.75%.

During the year, the Lil'wat Nation received a partnership distribution from a related party Lil'wat Holdings Limited Partnership, in the amount of \$600,000 (2022 - \$400,000).

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 be the related parties).

6. Investments in Business Enterprises and Partnerships

The First Nation has the following long term investments:

	2023	2022
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
Spel'kúmtn Community Forest Limited Partnership	914,889	252,638
Lil'wat Holdings Limited Partnership, 99.99% of partnership shares held by the Lil'wat Nation	19,179,336	22,581,821
BC First Nations Gaming Revenue Sharing LP	110	110
	<u>\$20,094,344</u>	<u>\$ 22,834,578</u>

LIL'WAT NATION

Notes to Financial Statements

March 31, 2023

6. 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	2023	2022
Assets		
Cash	\$ 2,062,768	\$ 1,770,111
Accounts receivable	1,506,281	1,763,649
Inventory	1,019,363	839,823
Prepaid expenses	112,531	110,243
Due from related party	21	21
Deferred logging and engineering expenses	1,716,017	3,058,966
Forestry licenses	6,998,388	7,911,348
Long term investments	85,275	17,661
Tangible capital assets	21,745,878	21,751,850
Total Assets	35,246,522	37,223,672
Liabilities		
Accounts payable and accrued liabilities	1,293,547	1,147,622
Deferred revenue	681,353	569,880
Due to related party	7,365,265	6,849,305
Reforestation obligation	1,235,349	209,308
Long term debt	3,582,931	3,917,340
Total Liabilities	14,158,445	12,693,455
Net Assets	\$21,088,077	\$ 24,530,217
 (b) Summary of Financial Activities	 2023	 2022
Total Revenues	\$22,487,221	\$ 21,754,624
Total Expenses	24,002,686	19,540,565
Income (loss) for the year	\$ (1,515,465)	\$ 2,214,059

7. Bank Indebtedness

The First Nation has a line of credit with a total credit limit of \$2,000,000 (2022 - \$2,000,000), bearing interest at prime plus 0.5% (2022 - prime plus 0.5%), secured by a general security agreement, payable in monthly payments of interest only. At March 31, 2023 the amount of line of credit utilized was \$Nil (2022 - \$Nil).

LIL'WAT NATION
Notes to Financial Statements

March 31, 2023

8. Accounts Payable and Accrued Liabilities

	2023	2022
Trade accounts payable	\$ 1,916,764	\$ 1,863,606
Accrued wages and benefits payable	1,081,986	865,592
Accrued liabilities	692,494	1,135,135
Other	126,119	150,942
	<u>\$ 3,817,363</u>	<u>\$ 4,015,275</u>

LIL'WAT NATION

Notes to Financial Statements

March 31, 2023

9. 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	\$ 9,085,762	\$ 7,869,145	\$ (9,042,644)	\$ 7,912,263
Community Food Centres Canada	44,430	-	(44,430)	-
First Nations Education Steering Committee	1,031,686	114,467	(1,031,686)	114,467
First Nations Health Authority	2,054,602	2,429,831	(2,054,602)	2,429,831
Lil'wat Housing Legacy	815,899	-	-	815,899
Province of British Columbia	1,331,658	1,021,189	(1,333,658)	1,019,189
UBCM Community Engagement	-	25,000	-	25,000
Indigenous Skills and Employment Training	84,503	224,418	(104,966)	203,955
Fisheries Proposal	245,750	-	(245,750)	-
Naut'sa Mawt Tribal Council	20,463	-	-	20,463
Work BC	2,000	-	-	2,000
First People's Cultural Council	18,672	-	(18,672)	-
Vancouver Coastal Health	25,760	-	(25,760)	-
Upper Lillooet River Power LP	30,000	-	(30,000)	-
United Way Food Infrastructure	20,000	-	(20,000)	-
2023 Totals	\$14,811,185	\$11,684,050	\$13,952,168)	\$12,543,067
2022 Totals	\$ 9,661,255	\$ 13,128,568	\$ (7,978,638)	\$ 14,811,185

LIL'WAT NATION

Notes to Financial Statements

March 31, 2023

10. Long Term Debt

	2023	2022
Lil'wat Nation - Operations Fund		
CIBC and Royal Bank loans, repaid in the year	\$ -	\$ 41,270
Royal Bank - loan repayable in monthly installments of \$3,760, including interest at 3.54% per annum, maturing April 2027, secured by assignment of assets.	491,442	518,632
Royal Bank - loan repayable in monthly installments of \$2,609, including interest at 4.92% per annum, maturing April 2027, secured by assignment of assets and a ministerial guarantee agreement.	115,480	140,543
Bank of Montreal - construction loan, repayable in monthly installments of \$4,858, including interest at 4.39% per annum, secured by assignment of assets.	747,259	772,163
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.	1,236,414	1,249,445
All Nations Trust Company - loan repayable in monthly installments of \$3,196, including interest at 5.24% per annum, maturing March 2024, secured by ministerial guarantee agreement.	199,659	226,774
Royal Bank - loan repayable in monthly installments of \$1,411, including interest at 2.93% per annum, maturing February 2026, secured by assignment of assets.	282,418	290,939
Royal Bank - loan repayable in monthly installments of \$3,797, including interest at 1.91% per annum, maturing October 2025, secured by assignment of assets.	545,066	579,978
Balance carried forward	\$ 3,617,738	\$ 3,819,744

LIL'WAT NATION

Notes to Financial Statements

March 31, 2023

10. Long Term Debt (continued)

	2023	2022
Balance brought forward	\$ 3,617,738	\$ 3,819,744
Lil'wat Nation - Operations Fund		
First Nations Finance Authority - promissory note due June 2032 with semi-annual interest payments of \$123,941 due in June and December of each year, and principal payments of \$184,516 due in June each year. Interest is calculated at 3.06% per annum.	7,900,839	8,085,354
BC Housing - non-interest bearing loan advance with no specific repayment terms finalized at year end.	132,764	128,893
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 2024, maturing March 2024, secured by ministerial guarantee.	3,925	7,777
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 2024, maturing March 2024, secured by ministerial guarantee.	19,926	39,485
All Nations Trust Company - Phase 15 mortgage repayable in monthly installments of \$2,122 including interest at 0.68% per annum, maturing April 2025, secured by ministerial guarantee.	52,668	77,685
All Nations Trust Company - Phase 16-2 mortgage repayable in monthly installments of \$745 including interest at 0.76% annum, maturing October 2025, secured by ministerial guarantee.	22,858	31,587
All Nations Trust Company - Phase 16-4 mortgage repayable in monthly installments of \$1,457 including interest at 0.76% per annum, maturing October 2025, secured by ministerial guarantee.	44,714	61,789
Balance carried forward	<u>\$11,795,432</u>	<u>\$ 12,252,314</u>

LIL'WAT NATION

Notes to Financial Statements

March 31, 2023

10. Long Term Debt (continued)

	2023	2022
Balance brought forward	\$11,795,432	\$ 12,252,314
Xet'olacw Housing Operations		
All Nations Trust Company - Phase 17 mortgage repayable in monthly installments of \$1,963 including interest at 1.57% per annum, renewal date December 2021, maturing August 2026, secured by ministerial guarantee.	78,314	100,455
All Nations Trust Company - Phase 18 mortgage repayable in monthly installments of \$2,238 including interest at 2.27% per annum, renewal date November 2026, maturing November 2026, secured by ministerial guarantee.	94,425	118,890
All Nations Trust Company - Elders Complex mortgage repayable in monthly installments of \$1,861 including interest at 3.04% per annum, renewal date June 2027, maturing June 2027, secured by ministerial guarantee.	89,004	108,567
All Nations Trust Company - Phase 19 mortgage repayable in monthly installments of \$8,845 including interest at 0.76% per annum, renewal date December 2025, maturing November 2035, secured by ministerial guarantee.	1,281,502	1,377,526
All Nations Trust Company - Phase 21 mortgage repayable in monthly installments of \$3,560 including interest at 1.22% per annum, renewal date May 2026, maturing May 2041, secured by ministerial guarantee.	696,010	730,037
All Nations Trust Company - Phase 22 mortgage repayable in monthly installments of \$5,379 including interest at 1.51% per annum, renewal date November 2026, maturing November 2041, secured by ministerial guarantee.	1,049,851	1,098,202
All Nations Trust Company - Phase 23 mortgage repayable in monthly installments of \$6,124 including interest at 2.50% per annum, renewal date June 2023, maturing June 2043, secured by ministerial guarantee.	1,168,098	1,211,934
Balance carried forward	\$16,252,636	\$ 16,997,925

LIL'WAT NATION

Notes to Financial Statements

March 31, 2023

10. Long Term Debt (continued)

	<u>2023</u>	<u>2022</u>
Balance brought forward	\$16,252,636	\$ 16,997,925
Xet'olacw Housing Operations		
All Nations Trust Company - Phase 24 mortgage repayable in monthly installments of \$2,656 including interest at 0.76% per annum, renewal date December 2025 maturing December 2045, secured by ministerial guarantee.	665,897	692,613
All Nations Trust Company - Duplex loan repayable in monthly installments of \$6,387 including interest at 3.06% per annum, renewal date May 2027, maturing May 2047, secured by ministerial guarantee.	<u>1,310,568</u>	<u>156,630</u>
	\$18,229,101	\$ 17,847,168
Less current portion	<u>787,608</u>	<u>1,079,932</u>
	<u>\$17,441,493</u>	<u>\$ 16,767,236</u>

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

2024	\$ 787,608
2025	762,423
2026	746,024
2027	721,823
2028	661,028
Thereafter	<u>14,550,195</u>
	<u>\$18,229,101</u>

LIL'WAT NATION
Notes to Financial Statements

March 31, 2023

11. Tangible Capital Assets

	2023					
	Land	Buildings	Community infrastructure	Equipment	Assets under construction	Total
Cost, beginning of year	\$ 5,516,435	\$ 59,736,721	\$ 14,392,952	\$ 4,965,120	\$ 3,443,559	\$ 88,054,787
Additions	-	896,867	516,119	472,827	7,184,151	9,069,964
Cost, end of year	\$ 5,516,435	\$ 60,633,588	\$ 14,909,071	\$ 5,437,947	\$ 10,627,710	\$ 97,124,751
Accumulated amortization, beginning of year	\$ -	\$ 21,655,245	\$ 7,808,048	\$ 3,174,250	\$ -	\$ 32,637,543
Amortization	-	2,041,466	373,759	504,759	-	2,919,984
Accumulated amortization, end of year	\$ -	\$ 23,696,711	\$ 8,181,807	\$ 3,679,009	\$ -	\$ 35,557,527
Net carrying amount, end of year	\$ 5,516,435	\$ 36,936,877	\$ 6,727,264	\$ 1,758,938	\$ 10,627,710	\$ 61,567,224

Assets under capital leases in the amount of \$644,323 (2022 - \$644,323) with related accumulated amortization of \$351,485 (2022 - \$289,724) are included in equipment.

LIL'WAT NATION
Notes to Financial Statements

March 31, 2023

11. Tangible Capital Assets (continued)

	2022					
	Land	Buildings	Community infrastructure	Equipment	Assets under construction	Total
Cost, beginning of year	\$ 5,516,435	\$ 54,719,375	\$ 14,350,732	\$ 4,403,706	\$ 3,148,491	\$ 82,138,739
Additions	-	2,853,727	42,220	561,414	2,458,687	5,916,048
Asset transfers	-	2,163,619	-	-	(2,163,619)	-
Cost, end of year	\$ 5,516,435	\$ 59,736,721	\$ 14,392,952	\$ 4,965,120	\$ 3,443,559	\$ 88,054,787
Accumulated amortization, beginning of year	\$ -	\$ 19,739,484	\$ 7,444,135	\$ 2,727,006	\$ -	\$ 29,910,625
Amortization	-	1,915,761	363,913	447,244	-	2,726,918
Accumulated amortization, end of year	\$ -	\$ 21,655,245	\$ 7,808,048	\$ 3,174,250	\$ -	\$ 32,637,543
Net carrying amount, end of year	\$ 5,516,435	\$ 38,081,476	\$ 6,584,904	\$ 1,790,870	\$ 3,443,559	\$ 55,417,244

LIL'WAT NATION

Notes to Non-Consolidated Financial Statements

March 31, 2023

12. Asset Retirement Obligation

The First Nation's Asset Retirement Obligation consists of buildings. The First Nation owns 6 buildings throughout its operations that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS3280 - *Asset Retirement Obligations*, the First Nation recognized an obligation relating to the removal and post-removal care of asbestos in these buildings as estimated at April 1, 2022. The buildings have estimate remaining useful lives ranging from 9 to 24 years.

Key variables used in determining the First Nation's asset retirement obligations include the weighted average cost of capital (discount rate), inflation rate and timing of future costs. In 2023, estimated expenses were calculated at the net present value of future cash flows, discounted using the Nation's weighted average cost of capital of 2.70% and inflated using an average inflation rate of 2.02% (British Columbia CPI over the last 20 years).

In management's opinion, the assumptions used represent the most likely scenario. As projections are made over a long period of time, the amount of the obligation is very sensitive to changes in variables.

Changes to the asset retirement obligations in the year are as follows:

	Balance as at March 31, 2022	Adjustment on adoption of PS3280	Balance as at April 1, 2022	Change in Estimate	Accretion Expense	Balance as at March 31, 2023
Buildings	\$ -	\$ 180,253	\$ 180,253	\$ -	\$ 10,501	\$ 190,754

LIL'WAT NATION

Notes to Financial Statements

March 31, 2023

13. Accumulated Surplus

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

	2023	2022
Equity in business enterprises and partnerships (Note 6)	\$20,094,344	\$ 22,834,578
Replacement reserve (Note 14)	1,039,371	529,285
Operating reserve (Note 15)	40,801	40,801
Equity in tangible capital assets	52,420,400	51,218,468
Equity in Ottawa Trust Funds (Note 16)	471,580	452,632
Restricted equity - Other (Note 17)	19,483,698	16,102,156
Restricted equity for Xet'olacw Community School	231,384	231,384
Restricted equity for child and family services	11,343,222	-
Surplus (deficit)	1,770,955	(5,904,737)
	<u>\$ 106,895,755</u>	<u>\$ 85,504,567</u>

14. Replacement Reserve

	2023	2022
Balance, beginning of year	\$ 529,285	\$ 481,648
Add:		
Current year allocation	92,403	84,180
Special contribution	460,000	-
Interest	5,538	1,609
Less:		
Approved expenditures	47,855	38,152
Balance, end of year	1,039,371	529,285
Funded balance (Note 2)	650,042	644,504
Under (over) funded balance	\$ 389,329	\$ (115,219)

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$92,403 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, 2023

15. Operating Reserve

	2023	2022
Balance, beginning of year	\$ 40,801	\$ 40,801
Balance, end of year	40,801	40,801
Funded balance (Note 2)	47,788	40,758
Under (over) funded balance	\$ (6,987)	\$ 43

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.

16. Equity in Ottawa Trust Funds

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

	Revenue	Capital	2023 Total	2022 Total
Balance, beginning of year	\$ 114,502	\$ 338,130	\$ 452,632	\$ 430,093
Add:				
Interest on trust balances	14,062	-	14,062	8,386
BC Special Grant	4,886	-	4,886	4,986
Stumpage fees	-	-	-	9,167
	18,948	-	18,948	22,539
Balance, end of year	\$ 133,450	\$ 338,130	\$ 471,580	\$ 452,632

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, 2023

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	\$ 8,254,563	\$ 3,113,783	\$ (760,731)	\$ 10,607,615
BC Hydro	4,274,788	-	-	4,274,788
Baxter Creek Development Agreement	3,572,805	-	-	3,572,805
BC Gaming Revenue	-	1,028,490	-	1,028,490
2023 Totals	\$16,102,156	\$ 4,142,273	\$ (760,731)	\$19,483,698
2022 Totals	\$ 14,451,531	\$ 2,116,728	\$ (466,103)	\$ 16,102,156

LIL'WAT NATION

Notes to Financial Statements

March 31, 2023

18. Expenses By Object

	2023	2022
Administration	\$ 71,393	\$ 59,875
Advertising	22,788	24,267
Amortization	2,919,984	2,726,918
Bad debts	353,663	236,070
CMHC approved expenses	47,855	38,152
Consulting	675,096	609,258
Contribution to Squamish Lil'wat Cultural Centre	204,377	234,980
Funding agency recoveries	2,354	-
Honoraria	321,809	264,331
Insurance	623,581	582,811
Interest and bank charges	46,122	44,586
Interest on long term debt	310,682	232,207
Local revenue - property tax expenses	28,494	28,236
Office	131,680	89,805
Other services and materials	3,881,500	5,771,125
Partnership loss	2,140,234	-
Professional fees	269,123	288,173
Rent	5,551	4,190
Repairs and maintenance	913,788	275,972
Social development	2,466,672	2,809,887
Student allowances	53,930	61,460
Supplies	2,153,290	1,884,743
Telephone and utilities	1,180,488	916,638
Training and workshops	644,094	1,149,615
Travel	994,904	638,798
Wages and benefits	14,416,632	11,873,975
Total expenses for the year	<u>\$34,880,084</u>	<u>\$ 30,846,072</u>

LIL'WAT NATION

Notes to Financial Statements

March 31, 2023

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 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. Subsequent Event

Subsequent to the year end, the First Nation acquired 65,000 partnership units in Lil'wat Holdings Limited Partnership at \$10 per unit, for a total cost of \$650,000. These units were issued for Lil'wat Holdings Limited Partnership to purchase property at 2162 Highway 99, Pemberton BC for \$650,000.

LIL'WAT NATION

Notes to Financial Statements

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 2023 Actual
Revenues													
Indigenous Services Canada	\$ -	\$ 2,170,018	\$ 2,146,361	\$ 16,195,870	\$ 342,460	\$1,045,278	\$ 548,801	\$ 67,922	\$ 2,926,698	\$ -	\$ 1,391,738	\$ -	\$ 26,835,146
First Nations Health Authority	-	37,000	-	-	3,189,418	341,198	22,000	-	-	-	-	-	3,589,616
Province of British Columbia	-	1,510,055	-	270,451	570,066	82,509	760,652	220,000	948,871	-	-	-	4,362,604
Other	821,856	4,405,156	480,356	77,266	621,201	6,869,498	87,951	1,158,034	3,006,746	1,310,071	2,613,204	32,567	21,483,906
	821,856	8,122,229	2,626,717	16,543,587	4,723,145	8,338,483	1,419,404	1,445,956	6,882,315	1,310,071	4,004,942	32,567	56,271,272
Expenses													
Purchases	718,811	2,466,859	1,529,136	2,871,728	1,314,942	2,521,224	910,128	343,211	376,732	429,461	1,568,344	28,494	15,079,070
Payroll	96,011	2,170,440	1,048,875	963,175	2,533,336	1,532,128	1,250	903,301	33,229	45,381	5,411,316	-	14,738,442
Amortization	213,317	270,085	812,492	54,432	280,207	450,763	39,428	46,871	-	609,379	143,010	-	2,919,984
Funding agency recoveries	-	-	-	-	2,354	-	-	-	-	-	-	-	2,354
Loss from business enterprises	-	2,140,234	-	-	-	-	-	-	-	-	-	-	2,140,234
Transfers	(14,345)	712,219	(244,049)	(38,079)	67,935	(203,943)	(83,586)	(26,152)	(130,000)	-	(40,000)	-	-
	1,013,794	7,759,837	3,146,454	3,851,256	4,198,774	4,300,172	867,220	1,267,231	279,961	1,084,221	7,082,670	28,494	34,880,084
Surplus (deficit) for the year	\$ (191,938)	\$ 362,392	\$ (519,737)	\$ 12,692,331	\$ 524,371	\$4,038,311	\$ 552,184	\$ 178,725	\$ 6,602,354	\$ 225,850	\$ (3,077,728)	\$ 4,073	\$ 21,391,188

	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 2022 Actual
Revenues													
Indigenous Services Canada	\$ -	\$ 2,542,100	\$ 1,437,588	\$ 3,628,109	\$ 209,837	\$ 1,021,250	\$ 872,856	\$ 14,548	\$ 1,574,790	\$ -	\$ 5,133,945	\$ -	\$ 16,435,023
First Nations Health Authority	-	10,000	-	-	2,705,688	197,093	-	-	-	-	-	-	2,912,781
Province of British Columbia	-	1,251,878	-	269,436	600,845	55,448	2,507,942	180,640	453,984	-	-	-	5,320,173
Loss from business enterprises	-	1,397,170	-	-	-	-	-	-	-	-	-	-	1,397,170
Other	693,891	2,201,453	385,533	65,610	655,639	3,476,567	4,000	922,430	2,143,637	745,567	1,187,038	31,280	12,512,645
	693,891	7,402,601	1,823,121	3,963,155	4,172,009	4,750,358	3,384,798	1,117,618	4,172,411	745,567	6,320,983	31,280	38,577,792
Expenses													
Purchases	625,574	2,389,332	784,955	3,022,677	1,158,924	2,778,763	2,888,493	474,690	259,556	332,383	1,248,175	28,235	15,991,757
Payroll	78,356	1,805,757	889,797	596,368	2,050,982	1,324,107	2,250	776,455	31,056	31,486	4,551,692	-	12,138,306
Amortization	207,194	256,324	827,043	49,470	275,192	427,102	36,382	38,583	-	502,361	107,267	-	2,726,918
Funding agency transactions	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	(19,578)	1,178,976	(501,158)	(56,669)	44,025	(160,346)	(105,769)	(340,390)	-	-	(30,000)	-	(10,909)
	891,546	5,630,389	2,000,637	3,611,846	3,529,123	4,369,626	2,821,356	949,338	290,612	866,230	5,877,134	28,235	30,846,072
Surplus (deficit) for the year	\$ (197,655)	\$ 1,772,212	\$ (177,516)	\$ 351,309	\$ 642,886	\$ 380,732	\$ 563,442	\$ 168,280	\$ 3,901,799	\$ (120,663)	\$ (1,930,227)	\$ 3,045	\$ 7,731,720

LIL'WAT NATION

Notes to Financial Statements

March 31, 2023

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, 2023

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 First Nation is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives. The Chiefs and Council ensure that the First Nation has identified its major risks and ensures that management monitors and mitigates these risks.

Market and interest rate risk

Market risk is the risk that changes in market price, such as interest rates, will affect the First Nation's income. The objective of market risk management is to control market risk exposed within acceptable parameters while optimizing the return on investments. The investment balance comprises of a GIC's and trust. The GIC and trust are deemed to be low risk and are not subject to changes in market prices or interest rates.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. It is management's opinion that the First Nation is not exposed to significant interest rate risk arising from its financial instruments.

There have not been any changes from the prior year in the First Nation's exposure to market and interest rate risk or the policies, procedures and methods it uses to manage and measure the risk.

LIL'WAT NATION

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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 from its operating activities, which are primarily accounts receivables, and its investing activities, which includes deposits with financial institutions. Accounts receivables includes grant receivables from Federal and Provincial government, trade receivables, and local area receivables.

The credit risk on accounts receivables is mitigated by the agreement approval and monitoring processes. A majority of the accounts receivable balances are compliant with signed funding agreements and signed general agreements for recovery work. The First Nation undergoes continuous monitoring of amounts that are not collectible or realizable and accounts for specific bad debt provision when management considers that the expected recovery is less than the amount receivable. The First Nation considers all accounts receivable that are past due to be impaired, with the exception of funding from Federal or Provincial agreements. The First Nations management has determined that accounts receivable are impaired as illustrated in Note 4. Management's assessment was based on considering the likelihood of payment given the credit history with each vendor, and considering which items have been received subsequent to the financial statement date up to the report date.

The First Nation had deposited cash and investments held with reputable financial institutions. Management believes the risk of loss is unlikely. See Notes 2 and 3 for further details.

Liquidity risk

Liquidity risk is the risk that the Lil'wat Nation will not be able to meet its financial obligations as they become due.

The First Nation manages this risk by monitoring cash activities and expected outflows through budgeting and forecasting cash flows from operations and anticipating investing and capital activities. It is management's opinion that the First Nation is not exposed to significant liquidity risk arising from its financial instruments.

There have not been any changes from the prior year in the First Nation's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

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22. Financial Instrument Risk (continued)

Financial Instrument Classification

The carrying value of each class of the First Nation's financial instruments is provided in the following table.

		Fair Value	Cost	2023
Cash and restricted cash	\$	-	\$ 24,109,204	\$ 24,109,204
Temporary investments (GIC's)		-	21,117,498	21,117,498
Accounts receivable		-	6,051,405	6,051,405
Accounts payable and accrued liabilities		-	3,817,363	3,817,363
Long-term debt		-	18,229,101	18,229,101
		Fair Value	Cost	2022
Cash and restricted cash	\$	-	\$ 22,660,492	\$ 22,660,492
Temporary investments (GIC's)		-	7,669,388	7,669,388
Accounts receivable		-	5,620,930	5,620,930
Accounts payable and accrued liabilities		-	4,015,275	4,015,275
Long-term debt		-	17,847,168	17,847,168