

LIL'WAT NATION
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2025

LIL'WAT NATION
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For the year ended March 31, 2025

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Management's Responsibility for Financial Reporting

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

The consolidated 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 consolidated 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 Lil'wat 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 consolidated financial statements. The Chiefs and Council carry out this responsibility through the Finance and Audit Committee.

The Finance and Audit Committee reviews the consolidated 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 consolidated financial statements and external auditor's report. The Chiefs and Council also considers the engagement of the external auditors.

The consolidated 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

Signed by: Dean Nelson Chief
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DocuSigned by: James Williams Chairperson of Finance and Audit Committee
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Signed by: Rolf de Bruin Chief Administrative Officer
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Independent Auditor's Report

To the Chiefs and Council of the Lil'wat Nation

Opinion

We have audited the consolidated financial statements of Lil'wat Nation ("the First Nation") which comprise the consolidated statement of financial position as at March 31, 2025, consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2025, 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 Consolidated 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 consolidated 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 2 in the consolidated financial statements, which explains that certain comparative information presented for the year ended March 31, 2024 has been restated. Our opinion is not modified in respect of this matter.

Other Information - Supplementary Information

Lil'wat Nation has also prepared another set of consolidated financial statements for the year ended March 31, 2025 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 consolidated financial statements was issued to Chiefs and Council and was dated July 31, 2025.



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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the First Nation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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
July 31, 2025

LIL'WAT NATION

Consolidated Statement of Financial Position

March 31	2025	Restated - Note 2 2024
Financial Assets		
Cash	\$ 6,734,321	\$ 16,105,331
Restricted cash (Note 3)	14,909,836	14,031,022
Temporary investments (Note 4)	23,080,216	22,082,091
Accounts receivable (Note 5)	6,779,026	6,831,541
Due from related entities (Note 6)	11,715,519	8,729,409
Investment in business enterprises and partnerships (Note 7)	25,765,400	22,899,199
Ottawa Trust Funds (Note 17)	1,011,994	496,745
	<u>89,996,312</u>	<u>91,175,338</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 9)	4,715,803	7,125,673
Deferred revenue (Note 10)	18,985,707	13,908,500
Due to related entities (Note 6)	1,664,499	271,750
Long term debt (Note 11)	16,807,411	17,515,009
Asset retirement obligation (Note 12)	201,193	195,904
	<u>42,374,613</u>	<u>39,016,836</u>
Net Financial Assets	47,621,699	52,158,502
Non - Financial Assets		
Tangible capital assets (Note 13)	77,663,809	69,657,221
Prepaid expenses	818,187	659,846
	<u>78,481,996</u>	<u>70,317,067</u>
Accumulated Surplus (Note 14)	<u>\$126,103,695</u>	<u>\$122,475,569</u>

Approved on behalf of the Band Council

<p>Signed by:</p> <p><u>Dean Nelson</u></p> <p>568967812465495...</p> <p>DocuSigned by:</p> <p><u>James Williams</u></p> <p>5073010A48FF486...</p> <p>Signed by:</p> <p><u>Rolf de Bruin</u></p> <p>2D207B03044C4CB...</p>	<p>Chief</p> <p>Chairperson of Finance and Audit Committee</p> <p>Chief Administrative Officer</p>
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LIL'WAT NATION

Consolidated Statement of Financial Activity

For the year ended March 31	Budget	2025	Restated - Note 2 2024
Revenue			
Indigenous Services Canada	\$ 19,000,277	\$16,265,966	\$ 18,439,592
Canada Mortgage and Housing Corporation	368,748	377,301	389,223
Department of Fisheries and Oceans Canada	565,055	382,050	696,804
First Nations Education Steering Committee	2,503,765	3,180,114	2,817,189
Education Jurisdiction funding (CIRNAC)	8,990,509	7,116,680	7,361,442
First Nations Health Authority	5,850,323	4,610,676	4,286,609
Province of British Columbia	4,202,515	4,776,696	4,622,134
BC First Nations Gaming	911,000	813,910	1,019,815
Rental income	1,003,680	993,903	1,003,234
Employment & Social Development Canada	1,516,093	1,384,179	1,384,842
Other income	8,948,068	7,833,926	7,630,705
Royalty income	2,074,000	2,098,078	2,256,929
Income from business enterprises and partnerships	-	2,079,345	64,214
	<u>55,934,033</u>	<u>51,912,824</u>	<u>51,972,732</u>
Expenses (Note 19)			
Operations Fund	36,057,220	37,654,038	29,421,123
Capital Fund	335,606	1,206,750	1,703,055
Xet'olacw Housing Fund	922,696	1,009,331	1,045,419
Xet'olacw Community School Fund	10,399,946	8,323,666	7,981,023
CMHC approved expenditures	-	90,913	578,343
	<u>47,715,468</u>	<u>48,284,698</u>	<u>40,728,963</u>
Annual surplus	8,218,565	3,628,126	11,243,769
Accumulated surplus, beginning of year, as previously reported	117,656,456	117,656,456	106,895,755
Restated comparative information (Note 2)	<u>-</u>	<u>4,819,113</u>	<u>4,336,045</u>
Accumulated surplus, beginning of year, restated	117,656,456	122,475,569	111,231,800
Accumulated surplus, end of year	<u>\$ 125,875,021</u>	<u>\$ 126,103,695</u>	<u>\$ 122,475,569</u>

LIL'WAT NATION

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	Budget	2025	Restated - Note 2 2024
Annual surplus	\$ 8,218,565	\$ 3,628,126	\$ 11,243,769
Acquisition of tangible capital assets (Note 13)	(15,398,148)	(12,210,163)	(11,352,969)
Amortization of tangible capital assets (Note 13)	-	4,203,575	3,262,972
Change in prepaid expenses	-	(158,341)	(98,603)
	(7,179,583)	(4,536,803)	3,055,169
Net financial assets, beginning of year, as previously stated	47,339,389	47,339,389	44,767,288
Restated comparative information (Note 2)	-	4,819,113	4,336,045
Net financial assets, beginning of year, restated	47,339,389	52,158,502	49,103,333
Net financial assets, end of year	\$ 40,159,806	\$47,621,699	\$ 52,158,502

LIL'WAT NATION
Consolidated Statement of Cash Flows

For the year ended March 31	2025	Restated - Note 2 2024
Cash flows provided by (used in) operating activities		
Cash receipts from all funding sources	\$54,099,881	\$ 54,709,643
Cash paid to employees and suppliers	(45,938,244)	(33,695,182)
Interest paid	(362,642)	(355,530)
Interest earned	2,009,355	1,984,011
	<u>9,808,350</u>	<u>22,642,942</u>
Cash flows used in capital activities		
Purchase of tangible capital assets	<u>(12,210,163)</u>	<u>(11,352,969)</u>
Cash flows used in investing activities		
Change in investments	(2,276,052)	(2,804,855)
Change in restricted temporary investments	(998,125)	(964,593)
Change in Ottawa trust funds	(515,249)	(25,165)
Advances to related parties	<u>(1,618,358)</u>	<u>(1,459,228)</u>
	<u>(5,407,784)</u>	<u>(5,253,841)</u>
Cash flows provided by (used in) financing activities		
Repayment of long term debt	(707,599)	(733,826)
Advances from related parties	<u>25,000</u>	<u>724,843</u>
	<u>(682,599)</u>	<u>(8,983)</u>
Increase (decrease) in cash	(8,492,196)	6,027,149
Cash, beginning of year	<u>30,136,353</u>	<u>24,109,204</u>
Cash, end of year	<u>\$21,644,157</u>	<u>\$ 30,136,353</u>
Represented by:		
Cash	\$ 6,734,321	\$ 16,105,331
Restricted cash	<u>14,909,836</u>	<u>14,031,022</u>
	<u>\$21,644,157</u>	<u>\$ 30,136,353</u>

LIL'WAT NATION
Notes to Consolidated Financial Statements

March 31, 2025

1. Summary of Significant Accounting Policies

Nature of Business	<p>Lil'wat Nation provides services and support to its band members.</p> <p>Lil'wat Nation is an Indian Band, as such, is exempt from income tax under section 87 of the Indian Act.</p>
Basis of Presentation	<p>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. The consolidated financial statements 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.</p>
Reporting Entity	<p>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.</p>
Principles of Consolidation	<p>All business enterprises and partnerships which meet the definition of a government business enterprise or partnership are accounted for on the modified equity basis of accounting.</p> <p>Entities that are accounted for using the modified equity basis of accounting includes the cost of the Lil'wat Nation's investment in the entities including the proportionate share of earnings. Under the modified equity basis of accounting inter-organizational balances are not eliminated. The following entities are accounted for on a modified equity basis:</p> <ul style="list-style-type: none">- Lil'wat Holdings Limited Partnership- Spel'kúmtn Community Forest Limited Partnership <p>Investments that are accounted for using the cost basis of accounting include:</p> <ul style="list-style-type: none">- 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.- BC First Nations Gaming Revenue Sharing Limited Partnership

LIL'WAT NATION
Notes to Consolidated Financial Statements

March 31, 2025

1. Summary of Significant Accounting Policies (continued)

Asset Classification	Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses, and inventory.								
Cash and Cash Equivalents	Cash and cash equivalents includes cash and investments in money market funds with maturity dates of three months or less.								
Restricted Temporary Investments	Restricted temporary investments are stated at the lower of cost and market value.								
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 amounts that are directly related to the acquisition, construction, development, or betterment of tangible capital assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition, construction, or development of the asset.</p> <p>Amortization is provided for 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
Notes to Consolidated Financial Statements

March 31, 2025

1. Summary of Significant Accounting Policies (continued)

Tangible Capital Assets
(continued)

Tangible capital assets under construction, development, or that have been removed from service are not amortized until they are available to be put into service.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Contributed tangible capital assets are recorded at their fair value on the date of contribution, except in unusual circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

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

Revenue from transactions with performance obligations is recognized when the First Nation satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

Revenue from transactions without performance obligation is recognized at net realizable value when the First Nation has the authority to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

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.

LIL'WAT NATION
Notes to Consolidated Financial Statements

March 31, 2025

1. Summary of Significant Accounting Policies (continued)

Asset Retirement
Obligations

An asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- 1) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- 2) The past transaction or event giving rise to the liability has occurred;
- 3) It is expected that future economic benefits will be given up; and
- 4) A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in several of the buildings owned by the First Nation has been recognized based on estimated future expenses. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the first date of the current period. Assumptions used in subsequent calculations are revised annually.

The liability is discounted using a net present value calculation and adjusted for accretion expense. The recognition of a liability results in an accompanying increase to the respective tangible capital assets, which is amortized in accordance with the significant accounting policies.

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.

Financial Instruments

All financial instruments are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

When investment income and realized gains and losses are externally restricted, the investment income are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost.

LIL'WAT NATION
Notes to Consolidated Financial Statements

March 31, 2025

1. Summary of Significant Accounting Policies (continued)

Segmented Information 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, administrative services of the First Nation, economic development and finance and accounting activities for the First Nation.

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.

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.

Community Health

The Community Health program provides a variety of health services to the community pursuant to a funding agreement with First Nations Health Authority.

LIL'WAT NATION
Notes to Consolidated Financial Statements

March 31, 2025

1. Summary of Significant Accounting Policies (continued)

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.

Community Development

The community development program includes Social development, Agriculture and Food security, and Membership.

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.

Community Programs

These programs are aimed directly at community members and include operations of a youth centre, recreation programs, daycare and Elder's activities.

Local Revenue

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

LIL'WAT NATION
Notes to Consolidated Financial Statements

March 31, 2025

2. Restated Comparative Information

During the year, it was identified that certain funding amounts were incorrectly deferred in both the 2023 and 2024 fiscal year-ends, resulting in an overstatement of liabilities and an understatement of accumulated surplus as at March 31, 2024. The impact of the restated comparative information was as follows:

	2024 Restated	2024 Originally presented	Restatement
Accumulated surplus, beginning of year	\$ 111,231,800	\$ 106,895,755	\$ 4,336,045
Accumulated surplus, end of year	122,475,569	117,656,456	4,819,113
Revenue	51,972,732	51,489,664	483,068
Deferred revenue	13,908,500	18,727,613	(4,819,113)

3. Restricted Cash

	2025	2024
Xet'olacw Housing Operations		
Replacement reserve (Note 15)	\$ 680,133	\$ 665,248
Operating reserve (Note 16)	47,788	47,788
Funds held in trust	4,504	4,505
Restricted funds	<u>37,257,627</u>	<u>35,395,572</u>
	<u>\$37,990,052</u>	<u>\$ 36,113,113</u>

Restricted Cash is represented by:

Restricted cash	\$14,909,836	\$ 14,031,022
Restricted temporary investments (Note 4)	<u>23,080,216</u>	<u>22,082,091</u>
	<u>\$37,990,052</u>	<u>\$ 36,113,113</u>

LIL'WAT NATION
Notes to Consolidated Financial Statements

March 31, 2025

4. Restricted Temporary Investments

Included in the restricted cash amounts in Note 3 are short term investments. The First Nation holds the following temporary investments in a chartered bank with the following terms:

	2025	2024
GIC's, with rates between 1.00% and 5.45%, maturing between August 2025 and April 2028.	\$ 7,505,874	\$ 7,196,563
GIC's, with rates between 3.025% and 4.80%, maturing between November 2025 and July 2026.	14,607,954	13,973,226
Extendable step-up bonds, with coupons paid semi-annually between 1.55% and 2.75%, maturing between April 2028 and April 2029.	966,388	912,302
	<u>\$23,080,216</u>	<u>\$ 22,082,091</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.

5. Accounts Receivable

	2025	2024
Current	\$10,003,438	\$ 9,712,796
Long term	500,195	500,195
	10,503,633	10,212,991
Allowance for doubtful accounts	<u>(3,724,607)</u>	<u>(3,381,450)</u>
	<u>\$ 6,779,026</u>	<u>\$ 6,831,541</u>

Current accounts receivable represents amounts that are outstanding for less than 365 days as of the year end and are expected to be collected in the next fiscal year.

LIL'WAT NATION
Notes to Consolidated Financial Statements

March 31, 2025

6. 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

	2025	2024
Lil'wat Cultural Lands Society - School	\$ 150,279	\$ 85,481
Lil'wat Capital Assets Limited Partnership	2,662,657	163,707
Lil'wat Holdings Limited Partnership	1,240,202	1,265,202
Lil'wat Construction Enterprises Limited Partnership	22,345	-
Lil'wat Forestry Ventures Limited Partnership	291,902	253,603
Loan from Lil'wat Forestry Ventures Limited Partnership (i)	6,764,021	6,541,908
Lil'wat Management Services Limited Partnership	382,215	303,152
Lil'wat Retail Operations Limited Partnership	201,898	116,356
	<u>\$11,715,519</u>	<u>\$ 8,729,409</u>

Due To Related Entities

	2025	2024
0915799 BC Ltd.	\$ 1	\$ 1
Lil'wat Capital Assets Limited Partnership	1,253,108	72
Lil'wat Construction Enterprises Limited Partnership	2,061	1,685
Lil'wat Forestry Ventures Limited Partnership	356,342	269,992
Lil'wat Retail Operations Limited Partnership	52,987	-
	<u>\$ 1,664,499</u>	<u>\$ 271,750</u>

(i) The First Nation is party to an agreement with a related party, Lil'wat Forestry Ventures Limited Partnership, to provide a loan of \$6,764,021 (2024 - \$6,541,908). 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 of 1.75%.

LIL'WAT NATION
Notes to Consolidated Financial Statements

March 31, 2025

6. Due To/From Related Entities (continued)

Related Party Transactions

During the year, the Lil'wat Nation invoiced a related party, Lil'wat Holdings Limited Partnership, \$Nil (2024 - \$600,000) for its annual distribution allocation.

During the year, Lil'wat Nation incurred expenses on behalf of Lil'wat Management Services Limited Partnership, in the amount \$138,953 (2024 - \$332,418).

During the year, the Lil'wat Nation made purchases from a related party, Lil'wat Retail Operations Limited Partnership, in the amount of \$681,962 (2024 - \$796,274).

During the year, the Lil'wat Nation incurred expenses on behalf of Lil'wat Construction Enterprises Limited Partnership in the amount of \$103,566 (2024 - \$109,556).

During the year, the Lil'wat Nation incurred expenses on behalf of Lil'wat Forestry Ventures Limited Partnership in the amount of \$403,359 (2024 - \$455,754).

During the year, the Lil'wat Nation allocated an amount out of the internally restricted equity to Lil'wat Forestry Ventures Limited Partnership for \$2,000,000 (2024 - \$Nil). This pertained to an investment in Lil'wat Forestry License Agreement #19214.

During the year, the Lil'wat Nation received a government grant to support costs related to the construction of Function Junction. This amount was contributed to Lil'wat Capital Assets Limited Partnership in the amount of \$2,336,827 (2024 - \$487,600).

During the year, the Lil'wat Nation contributed \$200,000 (2024 - \$Nil) to the Squamish Lil'wat Cultural Centre.

During the year, Lil'wat Nation made purchases from a related party, Mumleqs Construction Ltd, in the amount of \$Nil (2024 - \$227,480).

During the year, Lil'wat Nation incurred expenses on behalf of Lil'wat Cultural Lands Society of \$64,798 (2024 - \$85,481).

During the year, the Lil'wat Nation incurred expenses of \$3,286,856 (2024 - \$3,380,826) on behalf of Lil'wat Capital Assets Limited Partnership for the purchase of two properties. Lil'wat Holdings Limited Partnership issued 76,685 partnership units in exchange for one of the transactions.

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 Consolidated Financial Statements

March 31, 2025

7. Investment in Business Enterprises and Partnerships

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

Nature of Business Lil'wat Holdings Limited Partnership

The Lil'wat Holdings Limited Partnership is engaged in construction, forestry, and logging activities in the Pemberton Valley area in British Columbia. Lil'wat Holdings Limited Partnership also operates a gas station and a supermarket on reserve for the Lil'wat Nation. The First Nation has a 99.99% interest in the Limited Partnership.

A significant component of the income (loss) in Lil'wat Holdings Limited Partnership is a result of its investments in Lil'wat Capital Assets Limited Partnership, Lil'wat Construction Enterprises Limited Partnership, Lil'wat Forestry Ventures Limited Partnership, Lil'wat Management Services Limited Partnership, Lil'wat Retail Operations Limited Partnership, and 0775448 BC Ltd. Lil'wat Holdings Limited Partnership has a 99.99% interest in all these entities.

Spel'kúmtn Community Forest Limited Partnership

Spel'kúmtn Community Forest Limited Partnership is engaged in logging activities in the Pemberton Valley area in British Columbia. The First Nation has a 49.99% interest in the Partnership.

	2025	2024
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, 49.99% of partnership shares held by the Lil'wat Nation	1,686,308	865,687
Lil'wat Holdings Limited Partnership, 99.99% of partnership shares held by the Lil'wat Nation	24,078,973	22,033,393
BC First Nations Gaming Revenue Sharing LP	110	110
	<u>\$25,765,400</u>	<u>\$ 22,899,199</u>

LIL'WAT NATION
Notes to Consolidated Financial Statements

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7. 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	2025	2024
Assets		
Cash	\$ 3,079,759	\$ 1,689,366
Restricted cash	629,174	411,620
Accounts receivable	1,749,073	680,148
Inventory	680,195	475,429
Prepaid expenses	81,990	85,911
Due from related party	-	21
Deferred logging and engineering expenses	2,478,769	2,509,311
Forestry licenses	7,973,077	7,972,987
Long term investments	9,436	11,478
Tangible capital assets	30,304,969	25,220,492
Total Assets	46,986,442	39,056,763
Liabilities		
Accounts payable and accrued liabilities	1,839,499	2,866,406
Deferred revenue	480,433	502,169
Due to related party	9,773,147	7,957,357
Reforestation obligation	1,063,651	1,250,945
Long term debt	6,957,097	3,294,092
Total Liabilities	20,113,827	15,870,969
Net Assets	\$26,872,615	\$ 23,185,794
(b) Summary of Financial Activities	2025	2024
Total Revenues	\$30,882,838	\$ 26,956,366
Total Expenses	27,982,872	26,941,354
Income for the year	\$ 2,899,966	\$ 15,012

LIL'WAT NATION
Notes to Consolidated Financial Statements

March 31, 2025

8. Bank Indebtedness

The First Nation has a line of credit with a total credit limit of \$2,000,000 (2024 - \$2,000,000), bearing interest at prime plus 0.5% (2024 - prime plus 0.5%), secured by a general security agreement, payable in monthly payments of interest only. At March 31, 2025 the amount of line of credit utilized was \$Nil (2024 - \$Nil).

9. Accounts Payable and Accrued Liabilities

	2025	2024
Trade accounts payable	\$ 1,655,997	\$ 3,164,158
Accrued wages and benefits payable	1,623,869	1,534,984
Accrued liabilities	1,217,079	2,271,742
Other	218,858	154,789
	<u>\$ 4,715,803</u>	<u>\$ 7,125,673</u>

LIL'WAT NATION
Notes to Consolidated Financial Statements

March 31, 2025

10. 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.

	(Restated - Note 2) Balance, beginning of year	Contributions	Revenue Recognized	Balance, end of year
Indigenous Services Canada	\$ 8,708,531	\$20,943,747	\$ (16,608,398)	\$13,043,880
Lil'wat Housing Legacy	456,941	-	-	456,941
Community Food Centre Canada	30,000	-	(30,000)	-
First Nations Education Steering Community	324,122	423,605	(604,906)	142,821
First Nations Health Authority	2,295,805	5,004,594	(4,164,346)	3,136,053
Province of British Columbia	1,334,108	1,569,202	(1,317,661)	1,585,649
UBCM Community Engagement	25,000	-	-	25,000
Indigenous Skills and Employment Training	355,670	1,136,894	(1,104,978)	387,586
First People's Cultural Council	110,409	-	(110,409)	-
Health Care Excellence	40,000	-	(40,000)	-
Red Cross	26,266	-	(26,266)	-
Fisheries External Billing	201,648	-	(201,648)	-
Agriculture	-	61,499	-	61,499
Law Foundation of BC	-	81,671	-	81,671
Make Way Foundation	-	64,607	-	64,607
2025 Totals	\$13,908,500	\$29,285,819	\$ (24,208,612)	\$18,985,707
2024 Totals, restated	\$ 8,207,022	\$ 15,664,874	\$ (9,963,396)	\$ 13,908,500

LIL'WAT NATION
Notes to Consolidated Financial Statements

March 31, 2025

11. Long Term Debt

	2025	2024
Lil'wat Nation - Operations Fund		
Royal Bank - loan repayable in monthly instalments of \$3,760, including interest at 3.54% per annum, maturing April 2027, secured by assignment of assets.	\$ 434,318	\$ 463,492
Royal Bank - loan repayable in monthly instalments of \$2,609, including interest at 4.92% per annum, maturing April 2027, secured by assignment of assets and a ministerial guarantee agreement.	61,765	89,288
Royal Bank - loan repayable in monthly instalments of \$1,411, including interest at 2.93% per annum, maturing February 2026, secured by assignment of assets.	264,653	273,710
Royal Bank - loan repayable in monthly instalments of \$3,797, including interest at 1.91% per annum, maturing October 2025, secured by assignment of assets.	473,666	509,757
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.	7,516,066	7,710,341
BC Housing - non-interest bearing loan advance with no specific repayment terms finalized at year end.	235,127	179,048
First Nations Finance Authority - promissory note due March 2054 with monthly interest payments of \$7,480 and principal payments of \$3,207 due monthly. Interest is calculated at 4.30% per annum.	2,080,967	-
Bank of Montreal, repaid during the year.	-	720,269
Bank of Montreal, repaid during the year.	-	1,247,756
All Nations Trust Company, repaid during the year.	-	171,088
Balance carried forward	<u>\$11,066,562</u>	<u>\$ 11,364,749</u>

LIL'WAT NATION
Notes to Consolidated Financial Statements

March 31, 2025

11. Long Term Debt (continued)

	2025	2024
Balance brought forward	\$11,066,562	\$ 11,364,749
Xet'olacw Housing Operations		
All Nations Trust Company - Phase 15 mortgage repayable in monthly instalments of \$2,122 including interest at 0.68% per annum, maturing April 2025, secured by ministerial guarantee.	2,120	27,480
All Nations Trust Company - Phase 16-2 mortgage repayable in monthly instalments of \$745 including interest at 0.76% per annum, maturing October 2025, secured by ministerial guarantee.	5,201	14,063
All Nations Trust Company - Phase 16-4 mortgage repayable in monthly instalments of \$1,457 including interest at 0.76% per annum, maturing October 2025, secured by ministerial guarantee.	10,173	27,510
All Nations Trust Company - Phase 17 mortgage repayable in monthly instalments of \$1,963 including interest at 1.57% per annum, renewal date August 2026, maturing August 2026, secured by ministerial guarantee.	32,980	55,827
All Nations Trust Company - Phase 18 mortgage repayable in monthly instalments of \$2,238 including interest at 2.27% per annum, renewal date November 2026, maturing November 2026, secured by ministerial guarantee.	43,892	69,448
All Nations Trust Company - Elders Complex mortgage repayable in monthly instalments of \$1,861 including interest at 3.04% per annum, renewal date June 2027, maturing June 2027, secured by ministerial guarantee.	48,542	69,083
All Nations Trust Company - Phase 19 mortgage repayable in monthly instalments of \$8,846 including interest at 0.76% per annum, renewal date December 2025, maturing November 2035, secured by ministerial guarantee.	1,087,254	1,184,767
All Nations Trust Company - Phase 21 mortgage repayable in monthly instalments of \$3,560 including interest at 1.22% per annum, renewal date May 2026, maturing May 2041, secured by ministerial guarantee.	626,703	661,585
Balance carried forward	\$12,923,427	\$ 13,474,512

LIL'WAT NATION
Notes to Consolidated Financial Statements

March 31, 2025

11. Long Term Debt (continued)

	<u>2025</u>	<u>2024</u>
Balance brought forward	\$12,923,427	\$ 13,474,512
Xet'olacw Housing Operations		
All Nations Trust Company - Phase 22 mortgage repayable in monthly instalments of \$5,379 including interest at 1.51% per annum, renewal date November 2026, maturing November 2041, secured by ministerial guarantee.	950,939	1,000,801
All Nations Trust Company - Phase 23 mortgage repayable in monthly instalments of \$6,837 including interest at 3.77% per annum, renewal date June 2028, maturing June 2043, secured by ministerial guarantee.	1,086,373	1,127,352
All Nations Trust Company - Phase 24 mortgage repayable in monthly instalments of \$2,657 including interest at 0.76% per annum, renewal date December 2025, maturing December 2045, secured by ministerial guarantee.	611,853	638,988
All Nations Trust Company - Duplex loan repayable in monthly instalments of \$6,387 including interest at 3.06% per annum, renewal date May 2027, maturing May 2047, secured by ministerial guarantee.	<u>1,234,819</u>	<u>1,273,356</u>
	\$16,807,411	\$ 17,515,009
Less current portion	<u>709,776</u>	<u>736,776</u>
	<u>\$16,097,635</u>	<u>\$ 16,778,233</u>

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

2026	\$ 709,776
2027	679,635
2028	612,662
2029	614,095
2030	621,623
Thereafter	<u>13,569,620</u>
	<u>\$16,807,411</u>

LIL'WAT NATION
Notes to Consolidated Financial Statements

March 31, 2025

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. 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 2025, estimated expenses were calculated at the net present value of future cash flows, discounted using the First 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, 2024	Change in Estimate	Accretion Expense	Balance as at March 31, 2025
Buildings	\$ 195,904	\$ -	\$ 5,289	\$ 201,193

LIL'WAT NATION
Notes to Consolidated Financial Statements

March 31, 2025

13. Tangible Capital Assets

	2025					
	Land	Buildings	Community infrastructure	Equipment	Assets under construction	Total
Cost, beginning of year	\$ 5,516,435	\$ 69,327,214	\$ 14,915,977	\$ 6,539,807	\$ 12,178,287	\$ 108,477,720
Additions	-	15,942,668	488,151	2,395,449	(6,616,105)	12,210,163
Cost, end of year	\$ 5,516,435	\$ 85,269,882	\$ 15,404,128	\$ 8,935,256	\$ 5,562,182	\$ 120,687,883
Accumulated amortization, beginning of year	\$ -	\$ 25,945,719	\$ 8,539,865	\$ 4,334,915	\$ -	\$ 38,820,499
Amortization	-	2,862,751	388,853	951,971	-	4,203,575
Accumulated amortization, end of year	\$ -	\$ 28,808,470	\$ 8,928,718	\$ 5,286,886	\$ -	\$ 43,024,074
Net carrying amount, end of year	\$ 5,516,435	\$ 56,461,412	\$ 6,475,410	\$ 3,648,370	\$ 5,562,182	\$ 77,663,809

LIL'WAT NATION
Notes to Consolidated Financial Statements

March 31, 2025

13. Tangible Capital Assets (continued)

	2024					
	Land	Buildings	Community infrastructure	Equipment	Assets under construction	Total
Cost, beginning of year	\$ 5,516,435	\$ 60,633,588	\$ 14,909,071	\$ 5,437,947	\$ 10,627,710	\$ 97,124,751
Additions	-	8,693,626	6,906	1,101,860	1,550,577	11,352,969
Cost, end of year	\$ 5,516,435	\$ 69,327,214	\$ 14,915,977	\$ 6,539,807	\$ 12,178,287	\$ 108,477,720
Accumulated amortization, beginning of year	\$ -	\$ 23,696,711	\$ 8,181,807	\$ 3,679,009	\$ -	\$ 35,557,527
Amortization	-	2,249,008	358,058	655,906	-	3,262,972
Accumulated amortization, end of year	\$ -	\$ 25,945,719	\$ 8,539,865	\$ 4,334,915	\$ -	\$ 38,820,499
Net carrying amount, end of year	\$ 5,516,435	\$ 43,381,495	\$ 6,376,112	\$ 2,204,892	\$ 12,178,287	\$ 69,657,221

LIL'WAT NATION

Notes to Consolidated Financial Statements

March 31, 2025

14. Accumulated Surplus

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

	2025	Restated - Note 2 2024
Equity in business enterprises and partnerships (Note 7)	\$25,765,400	\$ 22,899,199
Replacement reserve (Note 15)	580,025	568,884
Operating reserve (Note 16)	40,801	40,801
Equity in tangible capital assets	68,870,458	60,256,521
Equity in Ottawa Trust Funds (Note 17)	1,011,994	496,745
Restricted equity - Other (Note 18)	20,950,847	21,026,138
Restricted equity for child and family services	594,023	5,656,647
Surplus	8,290,147	11,530,634
	<u>\$126,103,695</u>	<u>\$122,475,569</u>

15. Replacement Reserve

	2025	2024
Balance, beginning of year	\$ 568,884	\$ 1,039,371
Add:		
Current year allocation	87,150	92,650
Interest	14,904	15,206
	102,054	107,856
Less:		
Approved expenditures	90,913	578,343
Balance, end of year	580,025	568,884
Funded balance (Note 3)	680,133	665,248
Over funded balance	\$ (100,108)	\$ (96,364)

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$87,150 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 Consolidated Financial Statements

March 31, 2025

16. Operating Reserve

	2025	2024
Balance, beginning of year	\$ 40,801	\$ 40,801
Balance, end of year	40,801	40,801
Funded balance (Note 3)	47,788	47,788
Over funded balance	\$ (6,987)	\$ (6,987)

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.

17. Equity in Ottawa Trust Funds

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

	Revenue	Capital	2025 Total	2024 Total
Balance, beginning of year	\$ 154,523	\$ 342,222	\$ 496,745	\$ 471,580
Add:				
Interest on trust balances	25,278	-	25,278	16,245
BC Special Grant	4,768	-	4,768	4,828
Stumpage fees	-	485,203	485,203	4,092
	30,046	485,203	515,249	25,165
Balance, end of year	\$ 184,569	\$ 827,425	\$ 1,011,994	\$ 496,745

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.

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Notes to Consolidated Financial Statements

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18. 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.

Indigenous Services Canada - New Fiscal Relationship

The Lil'wat Nation has internally restricted a portion of the monies received from the Indigenous Services Canada - New Fiscal Relationship agreement for future projects of the First Nation.

First Nations Health Authority - Block Funding

The Lil'wat Nation has internally restricted a portion of the monies received from the First Nations Health Authority - Block Funding agreement for future health projects of the First Nation.

Four Pillars Society

The Lil'wat Nation has internally restricted a portion of the monies received from the Four Pillars Society agreement for future education projects of the First Nation.

LIL'WAT NATION
Notes to Consolidated Financial Statements

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18. Restricted Equity - Other (continued)

	Balance, beginning of year	Revenues / Transfers	Expenses	Balance, end of year
Whistler Blackcomb MDA	\$ 12,605,055	\$ 3,158,172	\$ (5,801,180)	\$ 9,962,047
BC Hydro	3,819,788	-	-	3,819,788
Baxter Creek Development Agreement	3,572,805	-	-	3,572,805
BC Gaming Revenue	1,028,490	-	-	1,028,490
Indigenous Services Canada - New Fiscal Relationship	-	365,182	-	365,182
First Nations Health Authority - Block Funding	-	1,609,371	-	1,609,371
Four Pillars Society	-	593,164	-	593,164
2025 Totals	\$21,026,138	\$ 5,725,889	\$(5,801,180)	\$20,950,847
2024 Totals	\$ 19,483,698	\$ 2,754,929	\$ (1,212,489)	\$ 21,026,138

LIL'WAT NATION
Notes to Consolidated Financial Statements

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19. Expenses By Object

	2025	2024
Administration	\$ 90,236	\$ 90,149
Advertising	17,456	14,105
Amortization	4,203,575	3,262,972
Bad debts	343,157	214,634
CMHC approved expenses	90,913	578,343
Consulting	763,018	971,148
Contribution to Lil'wat Business Group (Note 6)	4,513,976	1,354,238
Contribution to Squamish Lil'wat Cultural Centre	200,000	-
Honoraria	446,447	406,810
Insurance	732,267	674,842
Interest and bank charges	59,185	14,744
Interest on long term debt	303,457	340,787
Local revenue - property tax expenses	-	328
Office	201,734	212,385
Other services and materials	5,637,782	5,329,533
Professional fees	465,731	370,719
Rent	77,778	76,309
Repairs and maintenance	649,933	662,921
Social development	3,874,829	3,080,917
Student allowances	49,980	49,735
Supplies	2,653,478	2,490,414
Telephone and utilities	915,647	869,422
Training and workshops	1,059,246	835,065
Travel	1,549,725	1,357,745
Wages and benefits	19,385,148	17,470,698
	<u>\$48,284,698</u>	<u>\$ 40,728,963</u>

LIL'WAT NATION

Notes to Consolidated Financial Statements

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20. Contingencies and Commitments

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.

21. Comparative Figures

The comparative figures have been reclassified to conform with the financial statement format adopted in the current year.

22. Subsequent Event

Subsequent to the year end, the First Nation acquired 250,000 partnership units in Lil'wat Holdings Limited Partnership at \$10 per unit, for a total cost of \$2,500,000. These units were issued for Lil'wat Holdings Limited Partnership to purchase The Hitching Post Motel for \$2,500,000.

23. 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
Notes to Consolidated Financial Statements

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23. 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 5. 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 3 and 4 for further details.

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.

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 liquidity risk or the policies, procedures and methods it uses to manage and measure the risk.

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23. 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	2025
Cash and restricted cash	\$ -	\$ 21,644,157	\$ 21,644,157
Temporary investments (GIC's)	-	22,113,828	22,113,828
Step up bonds	966,388	-	966,388
Accounts receivable	-	6,779,026	6,779,026
Accounts payable and accrued liabilities	-	4,715,803	4,715,803
Long-term debt	-	16,807,411	16,807,411
	Fair Value	Cost	2024
Cash and restricted cash	\$ -	\$ 30,136,353	\$ 30,136,353
Temporary investments (GIC's)	-	21,169,789	21,169,789
Step up bonds	912,302	-	912,302
Accounts receivable	-	6,831,541	6,831,541
Accounts payable and accrued liabilities	-	7,125,673	7,125,673
Long-term debt	-	17,515,009	17,515,009

LIL'WAT NATION

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24. Segmented Information

	Band Housing Rentals	Governance, Finance and Administration	Public Works	Social Development	Community Health and Daycare	Advanced Education	Economic Development	Lil'wat Lands and Resources	Community Programs	Community Development	Capital Fund	Xet'olacw Housing Operations	Xet'olacw Community School	Local Revenue	Total 2025 Actual
Revenues															
Indigenous Services Canada	\$ 71,714	\$ 3,241,783	\$ 2,196,015	\$ 2,584,723	\$ 407,001	\$ 1,200,357	\$ -	\$ 102,296	\$ -	\$ 4,377,518	\$ 2,008,639	\$ -	\$ 75,920	\$ -	\$ 16,265,966
First Nations Health Authority	-	-	-	-	4,183,987	-	-	-	426,689	-	-	-	-	-	4,610,676
Province of British Columbia	-	2,363,968	-	349,033	227,896	-	-	912,468	506,588	2,000	414,743	-	-	-	4,776,696
Income from business enterprises and partnerships	-	2,079,345	-	-	-	-	-	-	-	-	-	-	-	-	2,079,345
Other	1,877,161	5,162,684	447,066	187,305	168,675	3,849,363	43,500	1,347,248	382,300	915,399	314,765	821,030	8,595,055	68,590	24,180,141
	1,948,875	12,847,780	2,643,081	3,121,061	4,987,559	5,049,720	43,500	2,362,012	1,315,577	5,294,917	2,738,147	821,030	8,670,975	68,590	51,912,824
Expenses															
Purchases	595,757	10,492,640	874,612	742,161	2,168,485	2,898,463	35,130	544,256	(271,470)	4,019,682	1,079,935	468,199	599,482	2,196	24,249,528
Payroll	111,795	2,630,504	1,443,356	1,122,910	2,707,723	1,718,492	-	1,163,029	1,131,233	1,084,093	52,457	46,629	6,619,375	-	19,831,596
Amortization	432,100	322,247	1,001,596	647,472	361,710	445,923	3,100	74,795	104,181	25,927	-	585,416	199,107	-	4,203,574
	1,139,652	13,445,391	3,319,564	2,512,543	5,237,918	5,062,878	38,230	1,782,080	963,944	5,129,702	1,132,392	1,100,244	7,417,964	2,196	48,284,698
Surplus (deficit) for the year	\$ 809,223	\$ (597,611)	\$ (676,483)	\$ 608,518	\$ (250,359)	\$ (13,158)	\$ 5,270	\$ 579,932	\$ 351,633	\$ 165,215	\$ 1,605,755	\$ (279,214)	\$ 1,253,011	\$ 66,394	\$ 3,628,126

	Band Housing Rentals	Governance, Finance and Administration	Public Works	Social Development	Community Health and Daycare	Advanced Education	Economic Development	Lil'wat Lands and Resources	Community Programs	Community Development	Capital Fund	Xet'olacw Housing Operations	Xet'olacw Community School	Local Revenue	(Restated - Note 2) Total 2024 Actual
Revenues															
Indigenous Services Canada	\$ 68,299	\$ 4,351,714	\$ 1,866,169	\$ 2,432,697	\$ 392,623	\$ 1,189,966	\$ -	\$ 26,084	\$ -	\$ 3,379,013	\$ 4,669,490	\$ -	\$ 63,537	\$ -	\$ 18,439,592
First Nations Health Authority	-	1,622	-	-	3,858,857	-	-	-	426,130	-	-	-	-	-	4,286,609
Province of British Columbia	-	2,434,638	-	362,591	124,505	-	-	334,657	533,965	2,100	829,678	-	-	-	4,622,134
Income from business enterprises and partnerships	-	64,214	-	-	-	-	-	-	-	-	-	-	-	-	64,214
Other	713,553	5,765,009	386,600	900	83,506	3,795,662	-	1,067,560	577,980	647,294	2,254,717	860,685	8,404,638	2,079	24,560,183
	781,852	12,617,197	2,252,769	2,796,188	4,459,491	4,985,628	-	1,428,301	1,538,075	4,028,407	7,753,885	860,685	8,468,175	2,079	51,972,732
Expenses															
Purchases	488,990	6,663,930	1,102,591	1,018,533	1,620,494	2,319,737	(387,608)	166,648	(249,358)	3,183,145	1,269,060	969,477	1,422,519	328	19,588,486
Payroll	102,934	2,566,672	1,341,486	947,243	2,455,699	1,645,422	-	993,842	913,000	634,892	26,995	44,906	6,204,416	-	17,877,507
Amortization	207,461	312,618	790,089	185,318	341,181	461,310	-	73,285	100,494	13,246	-	609,379	168,589	-	3,262,970
	799,385	9,543,220	3,234,166	2,151,094	4,417,374	4,426,469	(387,608)	1,233,775	764,136	3,831,283	1,296,055	1,623,762	7,795,524	328	40,728,963
Surplus (deficit) for the year	\$ (17,533)	\$ 3,073,977	\$ (981,397)	\$ 645,094	\$ 42,117	\$ 559,159	\$ 387,608	\$ 194,526	\$ 773,939	\$ 197,124	\$ 6,457,830	\$ (763,077)	\$ 672,651	\$ 1,751	\$ 11,243,769