



Leq'a:mel First Nation

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019



**Leq'a:mel First Nation
CONSOLIDATED FINANCIAL STATEMENTS
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For the year ended March 31, 2019

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Leq'a:mel First Nation
MARCH 31, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Leq'a:mel First Nation and all the information in this annual report are the responsibility of Chief and Council and have been approved by the Chief and Council.

The financial statements have been prepared in conformity with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants and where appropriate, includes certain amounts based on management's best estimates and judgments. 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.

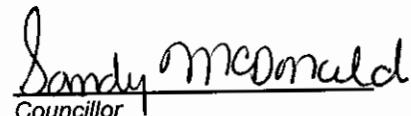
The Leq'a:mel First Nation's Chief and Council maintains systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Leq'a:mel First Nation's assets are appropriately accounted for and adequately safeguarded.

The Leq'a:mel First Nation Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Chief and Council reviewed the Leq'a:mel First Nation's financial statements and recommends their approval. The management meets periodically with the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issued, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Chief and Council also considers the engagement of the external auditors.

The financial information have been audited by Ribeyre Chang Haylock, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards on behalf of the members. Ribeyre Chang Haylock has full and free access to Management.


Alvin D. Dene
Chief


Sandy McDonald
Councillor

INDEPENDENT AUDITOR'S REPORT

To: The Members of Leq'a:mel First Nation

Report on the Audit of the Consolidated Financial Statements

We have audited the consolidated financial statements of Leq'a:mel First Nation, which comprise the consolidated statement of financial position as at March 31, 2019 and March 31, 2018, and the consolidated statements of income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Leq'a:mel First Nation as at March 31, 2019 and March 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

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 Entity 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

The previous year's financial information was audited by another Chartered Professional Accountant.



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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants, 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 Entity'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 the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated 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 Entity'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 Entity'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 Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, super-vision and performance 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.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Aaron Keetley, CPA, CA, CMA.

Port Coquitlam, B.C.
July 24, 2019

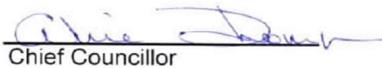
Rileyse Chang Haylock
Chartered Professional Accountants

Leq'a:mel First Nation
SUMMARY STATEMENT OF FINANCIAL POSITION

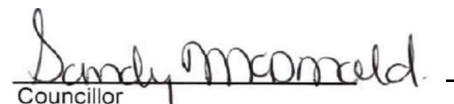
As at March 31, 2019	Statement 1	
	2019	2018 <i>Restated</i>
Financial assets		
Cash - note 3	\$ 548,614	\$ 1,082,420
Accounts receivable - note 4	467,683	485,887
Investment in government business enterprises - note 5	23,400	60,609
Investment in government business partnerships - note 6	2,628,192	3,643,808
Trust moneys - note 7	381,775	259,946
	<u>4,049,664</u>	5,532,670
Liabilities		
Accounts payable and accrued liabilities - note 8	1,064,995	1,254,001
Deferred revenue	-	260,343
Long-term debt - note 9	6,929,127	4,937,204
	<u>7,994,122</u>	6,451,548
Net debt	<u>(3,944,458)</u>	(918,878)
Non-financial assets		
Tangible capital assets - note 10	14,279,841	11,415,695
Prepaid expenses	47,171	57,821
Total non-financial assets	<u>14,327,012</u>	11,473,516
Accumulated surplus - note 11	<u>\$ 10,382,554</u>	\$ 10,554,638

Contingent Liabilities - note 12

See accompanying notes



Chief Councillor



Councillor

Leq'a:mel First Nation

SUMMARY STATEMENT OF OPERATIONS

For the year ended March 31, 2019

Statement 2

	2019 Budget	2019 Actual	2018 Actual <i>Restated</i>
Revenue			
Indigenous Services Canada	\$2,093,387	\$ 2,237,116	\$ 2,659,397
Canada Mortgage and Housing Corporation	16,222	60,175	168,651
First Nations Health Authority	-	49,122	33,730
First Nations Education Steering Committee	-	46,672	51,961
Income from Government Business Partnerships	-	247,286	121,073
Loss from Government Business Entities	-	691	(21,176)
Province of British Columbia	210,000	189,750	675,750
Rental and leasing	86,001	230,632	245,287
Sto:lo Nation	117,607	86,346	122,519
Interest on trust moneys	-	968	966
Miscellaneous income	-	431,845	480,933
	2,523,217	3,580,603	4,539,091
Expenses			
Administration	994,067	721,336	
Capital asset depreciation	198,042	139,364	
Education and employment	262,198	306,823	
Social	690,350	560,988	
Health	245,926	187,437	
Lands and resources	833,452	903,562	
Capital projects	65,178	31,411	
Special projects	(4,250)	89,451	
Housing	74,682	217,917	
Business and investments	393,044	221,465	
	-	3,752,689	3,379,754
Annual surplus		(172,086)	1,159,337
Accumulated surplus, beginning of year - as previously stated		10,892,690	9,762,819
Prior period adjustment - note 18		(338,050)	(316,230)
Accumulated surplus, beginning of year - restated		10,554,640	9,446,589
Recoveries		-	(51,288)
Accumulated surplus, end of year		\$10,382,554	\$ 10,554,638

See accompanying notes

Leq'a:mel First Nation
SUMMARY STATEMENT OF NET DEBT

For the year ended March 31, 2019

Statement 3

	2019 Budget	2019	2018 Restated
Annual surplus	\$ -	\$ (172,086)	\$ 1,159,337
Recoveries in the year	-	-	(51,288)
	-	(172,086)	1,108,049
Changes in tangible capital assets			
Acquisition of tangible capital assets	(3,122,761)	(3,122,761)	(2,454,713)
Amortization of tangible capital assets	258,617	258,617	199,939
	(2,864,144)	(2,864,144)	(2,254,774)
Changes in other non-financial assets			
Prepaid expenses and deposits	10,650	10,650	5,035
	10,650	10,650	5,035
Decrease in net debt		(3,025,580)	(1,141,690)
Net debt at beginning of year as previously stated		(580,828)	539,042
Prior Period Adjustment - note 17		(338,050)	(316,230)
Net debt at beginning of year as restated		(918,878)	222,812
Net debt at end of year		\$ (3,944,458)	\$ (918,878)

See accompanying notes

Leq'a:mel First Nation
SCHEDULE OF CASH FLOW

For the year ended March 31, 2019

Statement 4

	2019	2018
OPERATING ACTIVITIES		
Revenue received	\$ 3,326,634	\$ 5,051,240
Expenses paid	(3,668,949)	(2,589,922)
Interest paid on long-term debt	(3,478)	(4,393)
Cash provided by operating activities	(345,793)	2,456,925
INVESTING ACTIVITIES		
Advances from (to) government business enterprises	37,209	16,753
Advances from (to) government business partnerships	1,015,616	(227,490)
Purchase and construction of capital assets	(3,122,761)	(2,454,713)
Cash used in investing activities	(2,069,936)	(2,665,450)
FINANCING ACTIVITIES		
Proceeds of long-term debt	2,200,000	-
Allocation of loan proceeds to Debt Reserve Funds	(110,000)	-
Repayment of long-term debt	(208,077)	(202,903)
Cash used in financing activities	1,881,923	(202,903)
Increase in cash during the year	(533,806)	(411,428)
Cash, beginning of year	1,082,420	1,493,848
Cash, end of year	\$ 548,614	\$ 1,082,420

See accompanying notes

Leq'a:mel First Nation

CONSOLIDATED FINANCIAL STATEMENTS

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March 31, 2019

See Auditor's Report

The Leq'a:mel First Nation (the "First Nation") is an Indian Band as defined by the Indian Act. The First Nation manages various programs offered by Indigenous Services Canada (ISC) and other funding agents to benefit its members. The First Nation also represents its members in the negotiation of treaty settlements and specific land claims.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These Summary Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CICPA Public Sector Accounting and Auditing Handbook, which encompasses the following principles.

a) Reporting entity

The Leq'a:mel First Nation reporting entity includes the Leq'a:mel First Nation and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

b) Use of estimates

The preparation of schedules in conformity 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 schedules and reported amounts of revenues and expenditures during the reported period. Actual results could differ from the estimates.

c) Principles of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of entities which are controlled by the First Nation. Controlled entities are consolidated, except for government business enterprises and government business partnerships, which are accounted for by the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation.

The First Nation records its investments in government business enterprises (GBE) and government business partnerships (GBP) on a modified equity basis. Under the modified equity basis, the GBE's and GBP's accounting policies are not adjusted to conform with those of the First Nation and inter-entity transactions and balances are not eliminated. The First Nation recognizes its equity interest in the annual earnings or loss of the GBE's and GBP's in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the First Nation may receive from the GBE's and GBP's will be reflected as deductions in the investment asset account.

Organizations accounted for on a modified equity basis include:

1. 807656 B.C. Ltd. - 100%
2. Leq'a:mel Development Corporation - 100%
3. Seven Generations Environmental Services Ltd - 17%
4. Leq'a:mel Forestry Limited Partnership - 99.000%
5. Leq'a:mel Development Limited Partnership - 99.999%

Leq'a:mel First Nation
CONSOLIDATED FINANCIAL STATEMENTS
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March 31, 2019

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1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

e) Revenue recognition

Government Funding

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

First Nation Capital and Revenue Trust Funds

The First Nation recognizes revenues of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

Rental Income

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

Own Source Revenue

Revenues are recognized in the period in which the transaction or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Other

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

f) Trust funds

Trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds. The trust funds arise from monies derived from capital or revenue sources as 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 are primarily governed by Sections 63 to 69 of the Indian Act.

Leq'a:mel First Nation
CONSOLIDATED FINANCIAL STATEMENTS
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March 31, 2019

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1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the assets.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital assets and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the First Nation's incremental cost of borrowing.

Tangible capital assets are depreciated over their expected useful lives as follows:

Community Infrastructure		
Water mains	100	years
Hydrants	75	years
Pumphouses	50	years
Reservoirs	75	years
Wells	25	years
Standpipes	75	years
Forcemains	50	years
Gravity sewers	100	years
Lift stations	50	years
Communal septic tanks	75	years
Communal disposal fields	50	years
Grinder pumps	15	years
Individual septic tanks and fields	25	years
Storm mains	100	years
Paved roads	20	years
Gravel roads	40	years
Land improvements	20	years
Buildings	40	years
Machinery and equipment	10	years
Automotive	5	years
Computer hardware and software	5	years
Office furniture and equipment	8	years

Annual depreciation is charged in the year of disposal.

Depreciation is not charged in the year of acquisition.

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1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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 into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not depreciated until the asset is available to be put into service.

h) Financial instruments

Financial instruments are initially classified upon initial recognition as a fair value or an amortized cost instrument. The fair value category includes investments in equity instruments that are quoted in an active market, and any other items elected by the First Nation to be recorded at fair value. All other financial instruments, including financial instruments with related parties for which fair value cannot be estimated, are recorded at amortized cost. Transaction costs directly attributable to the acquisition or issue of a financial instrument are added to the amortized cost or expensed if related to instruments recorded on a fair value basis. The effective interest rate method is used to measure interest for financial instruments recorded at amortized cost.

All financial assets are assessed for impairment on an annual basis.

The First Nation's financial instruments consist of cash and cash equivalents, accounts receivable, due from and to related entities, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, credit or currency risks arising from these financial instruments and the fair value of these financial instruments approximates their carrying values.

Leq'a:mel First Nation
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2. ECONOMIC DEPENDENCE

The Leq'a:mel First Nation receives major portions of its revenue pursuant to funding arrangements with Indigenous Services Canada and First Nations Health Authority.

3. CASH AND CASH EQUIVALENTS

	2019	2018
Externally restricted		
Replacement reserve	\$ 60,317	\$ 60,017
Debt reserve	<u>411,268</u>	260,002
	<u>471,585</u>	320,019
Unrestricted		
Operating	46,365	762,142
	<u>46,365</u>	762,142
Total Cash and Cash Equivalents	<u>\$ 517,950</u>	\$ 1,082,161

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve.

Externally restricted - Replacement Reserve:

At the year end, the reserve was underfunded by \$25,827 (2018: underfunded by \$11,760)

Banking facilities:

The First Nation has a facility arrangement with Bank of Montreal secured by a general security agreement and band council resolution. The facility includes:

- i) \$600,000 construction loan, approved and undrawn.
- ii) \$250,000 authorized overdraft lending product at prime plus 0.75%.
- iii) \$100,000 in authorized credit card facilities at 18.4%.

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4. ACCOUNTS RECEIVABLE

	2019	2018
		<i>Restated</i>
Due from members:	\$ 423,752	\$ 414,294
Due from Government and other Government Organizations:		
Indigenous Services Canada	181,305	205,927
Canada Mortgage and Housing Corporation - Interest Subsidy	14,580	12,326
Canada Mortgage and Housing Corporation - RRAP	-	55,519
Department of Fisheries and Oceans	41,247	41,247
Natural Resources Canada	82,500	-
Canada Revenue Agency	-	5,604
Other	44,649	25,026
	364,281	345,649
Due from others:		
Others	95,122	117,169
	1,255,716	877,112
Allowance for doubtful accounts	(415,472)	(391,225)
	\$ 467,683	\$ 485,887

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CONSOLIDATED FINANCIAL STATEMENTS
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5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The First Nation's investment in government business enterprises consist of the following:

	2019	2018
807656 B.C. Ltd. - 100%	\$ 14	\$ 1
Due (to) from 807656 BC Ltd.	(33,478)	4,422
Leq'a:mel Development Corporation - 100%	27	2
Seven Generations Environmental Services Ltd. - 17%	56,837	56,184
	\$ 23,400	\$ 60,609

807656 B.C. Ltd is the general partner for Leq'a:mel Forestry Limited Partnership. Its financial information is consolidated into the financial information for Leq'a:mel Forestry Limited Partnership in Note 6.

Leq'a:mel Development Corporation is the general partner for Leq'a:mel Development Limited Partnership. Its financial information is consolidated into the financial information for Leq'a:mel Development Limited Partnership in Note 7.

Financial information for Seven Generations Environmental Services Ltd is as follows:

	March 31 2019	March 31 2018
Current assets	\$ 365,293	\$ 478,217
Property and equipment	25,098	32,401
Total assets	\$ 390,391	\$ 510,618
Current liabilities	\$ 49,366	\$ 173,511
Due to shareholders	353,258	353,258
Total liabilities	402,624	526,769
Equity	(12,233)	(16,151)
Total liabilities and equity	\$ 390,391	\$ 510,618
Revenue	\$ 645,870	\$ 326,726
Expenses	641,952	453,782
Net income	\$ 3,918	\$ (127,056)

Seven Generations Environmental Services Ltd. was established for the purpose of providing environmental monitoring services.

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6. INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIPS

The First Nation's investment in government business partnerships consist of the following:

	2019	2018
Leq'a:mel Forestry Limited Partnership - 99.000%	\$ 3,615	\$ 16
Leq'a:mel Development Limited Partnership - 99.999%	2,624,577	3,643,792
	\$ 2,628,192	\$ 3,643,808

Consolidated financial information for Leq'a:mel Development Limited Partnership and Leq'a:mel Forestry Limited Partnership is as follows:

	Leq'a:mel Development (Consolidated)	Leq'a:mel Forestry (Consolidated)	Total March 31 2019	Total March 31 2018
Current assets	\$ 603,541	\$ 105,839	\$ 709,380	\$ 1,765,140
Property and equipment	2,037,359	-	2,037,359	1,961,299
Total assets	\$ 2,640,900	\$ 105,839	\$ 2,746,739	\$ 3,726,439
Current liabilities	\$ 94,012	\$ 21,187	\$ 115,199	\$ 85,053
Due to shareholders	2,211,683	-	2,211,683	2,779,354
Total liabilities	2,305,695	21,187	2,326,882	2,864,407
Equity	335,205	84,652	419,857	862,032
Total liabilities and equity	\$ 2,640,900	\$ 105,839	\$ 2,746,739	\$ 3,726,439
Revenue	\$ 1,019,154	\$ 2,101	\$ 1,021,255	\$ 929,439
Expenses	863,707	833	864,540	811,603
Net income	\$ 155,447	\$ 1,268	\$ 156,715	\$ 117,836

The Leq'a:mel Forestry Limited Partnership operates a timber harvesting and log marketing business.

The Leq'a:mel Development Limited Partnership carries out the business of developing real property, selling or leasing real property and operating businesses in connection with the real property development, selling or leasing and all ancillary businesses in connection therewith.

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7. TRUST MONEYS

	2019	2018
Ottawa Trust	\$ 1,171	\$ 203
First Nations Finance Authority	411,268	260,002
	\$ 412,439	\$ 260,205

The Ottawa Trust accounts arise from moneys derived from capital or revenue sources as 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.

The First Nations Finance Authority accounts are retained in trust on behalf of the First Nation as both a Secured Revenues Trust Account and a Debt Reserve Fund and relates to the long-term debts described in note 10.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Accounts payable and accrued liabilities	\$ 848,977	\$ 1,000,227
Indigenous Services Canada	216,018	253,774
	\$ 1,064,995	\$ 1,254,001

9. LONG-TERM DEBT

	2019	2018
Pre-97 - Phase 6 - All Nations Trust - Mortgage payable with payments of \$2,062 per month including interest at 1.08% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on June 1, 2020.	\$ 30,703	\$ 54,969
Pre-97 - Phase 7 - All Nations Trust - Mortgage payable with payments of \$1,408 per month including interest at 1.30% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on May 1, 2022.	52,379	68,478
Pre-97 - Phase 9 - All Nations Trust - Mortgage payable with payments of \$1,947 per month including interest at 1.86% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on January 1, 2024.	107,939	129,052

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9. LONG-TERM DEBT (continued)

First Nations Finance Authority - Debenture with payments of \$11,933 per month including interest at 2.985% per annum, secured by Federal or Provincial transfer and business revenue streams.

Reserve for debt retirement at March 31, 2019 amounted to \$135,606 (2018: \$130,466). Matures on June 26, 2024. **2,231,862** 2,306,245

First Nations Finance Authority - Debenture with monthly interest only payments of \$6,781 per month at 3.75% per annum, secured by Federal or Provincial transfer and business revenue streams.

Scheduled to be converted to a long term arrangement in 2020. **2,200,000** -

First Nations Finance Authority - Debenture with payments of \$11,756 per month including interest at 2.90% per annum, secured by Federal or Provincial transfer and business revenue streams.

Reserve for debt retirement at March 31, 2019 amounted to \$134,370 (2018: \$129,277) Matures on June 26, 2024 **2,306,244** 2,378,460

\$ 6,929,127 **\$ 4,937,204**

Future principal payments for subsequent years are as follows:

2020	\$ 2,399,518
2021	181,780
2022	176,234
2023	162,723
2024	156,466
Subsequent	3,852,406
	\$ 6,929,127

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10. TANGIBLE CAPITAL ASSETS

	Beginning Cost	Additions	Disposal	2019				2018			
				Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposals	Ending Accumulated Depreciation	Net Book Value	Net Book Value	Net Book Value
Community infrastructure	\$ 8,130,513	\$ -	\$ -	8,130,513	\$ 3,819,291	\$ 84,276	\$ -	\$ 3,903,567	\$ 4,226,946	\$ -	4,311,222
Land improvements	11,588	-	-	11,588	11,588	-	-	11,588	-	-	-
Buildings	5,404,555	6,894	-	5,411,449	1,510,408	155,937	-	1,666,345	3,745,104	3,894,147	
Machinery and equipment	147,486	6,025	-	153,511	73,719	9,748	-	83,467	70,044	73,767	
Automotive	162,823	-	-	162,823	131,243	6,316	-	137,559	25,264	31,580	
Computer hardware/software	2,850	25,233	-	28,083	2,850	-	-	2,850	25,233	-	
Office furniture/equipment	63,879	44,080	-	107,959	55,618	3,243	-	58,861	49,098	8,261	
Assets under construction	3,094,218	3,041,434	-	6,135,652	-	-	-	-	6,135,652	3,094,218	
	17,017,912	3,123,666	-	20,141,578	5,604,717	259,520	-	5,864,237	14,277,341	11,413,195	
Land	2,500	-	-	2,500	-	-	-	-	2,500	2,500	2,500
Total	\$ 17,020,412	\$ 3,123,666	\$ -	\$ 20,144,078	\$ 5,604,717	\$ 259,520	\$ -	\$ 5,864,237	\$ 14,279,841	\$ 11,415,695	

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11. ACCUMULATED SURPLUS

Accumulated surplus (deficit) is comprised of the following:

	2019	2018
Operations Fund	\$ 53,519	\$ 313,230
Tangible Capital Asset Fund	7,953,168	8,068,978
Ottawa Trust Fund	1,171	203
Debt reserve	270,605	259,743
Investment in government business entities	2,017,947	1,840,707
Replacement reserve	86,144	71,777
	\$ 10,382,554	\$ 10,554,638

12. CONTINGENT LIABILITIES

Leq'a:mel First Nation has entered into the First Nations On Reserve Loan Program with the Royal Bank of Canada. The total amount available under the program to qualified members of the First Nation is \$1,500,000. The maximum individual amount available under the program to each qualified member of the First Nation is \$150,000.

The aggregate amount outstanding under this loan program at March 31, 2019 was \$994,421 (2018 - \$1,052,739)

One of the individual loans was in excess of \$150,000.

An employment claim matter was submitted to the Canada Labour Board on January 2, 2016. As at March 31, 2019, the matter was before the Canada Labour Board. It is not possible to determine the amount of any additional liability that may exist as a result of this matter. An additional liability, if any, of the amount due will be made in the period the decision has been made on the matter.

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13. BUDGET INFORMATION

Budgeted figures are unaudited and have been derived from the estimates approved by the Chief and Council for comparison purposes. Individual program operations not showing budget information does not mean budgets were not prepared but rather that their amounts were not readily determinable.

14. RELATED PARTY TRANSACTIONS

Amounts paid to (from) related parties who are Leq'a:mel First Nation business entities, are as follows:

	2019	2018
Leq'a:mel Development Limited Partnership		
Taxation Centre - User fees	\$ -	\$ (25,000)
Taxation Centre - Other income	70,737	(24,394)
Other income	(81,193)	(95,080)
Supplies	-	10,000

These transactions are in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

15. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation.

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16. FINANCIAL INSTRUMENTS

Risk management policy

Leq'a:mel First Nation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2019.

Credit risk

The carrying value of the First Nation's main financial assets represents the maximum credit risk to which the band is exposed.

Liquidity risk

Leq'a:mel First Nation considers that it has sufficient credit facilities to ensure that funds are available to meet its current and long-term financial needs, at a reasonable cost.

Market risk

Leq'a:mel First Nation is exposed to interest rate risk on its fixed-interest and variable-interest financial instruments. Fixed-interest instruments subject the band to a fair value risk while the variable-interest instruments subject it to a cash flow risk.

The following table summarizes the contractual maturities of the financial liabilities as at March 31, 2019.

	Carrying Amount	Contractual cash flows	Within 1 year	2 to 5 years	Subsequent
Accounts payable and accrued expenses	\$ 1,064,995	\$ 1,064,995	\$ 1,064,995	\$ -	\$ -
Long-term debt	6,929,127	7,707,811	2,549,252	1,269,371	3,889,188
	\$ 7,994,122	\$ 8,772,806	\$ 3,614,247	\$ 1,269,371	\$ 3,889,188

17. PRIOR PERIOD ADJUSTMENT

Subsequent to the release of the Leq'a:mel First Nation Consolidated Financial Statements, the allowance for doubtful accounts was determined to be materially understated. A summary of changes is as follows.

	2018 As previously stated	Changes	2018 As restated
Assets			
Accounts receivable	823,937	(338,051)	485,886
Net debt	(580,826)	(338,051)	(918,877)
Accumulated surplus	\$ 10,892,690	\$ (338,051)	\$ 10,554,639

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18. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2019 Budget	2019	2018
Bad debt expense	\$ -	\$ 24,247	\$ 27,660
Band functions	43,000	38,473	4,478
Bank charges and interest	2,100	6,252	8,757
Basic needs	229,750	474,932	410,129
Depreciation	-	259,520	199,939
Distribution to members	-	39,366	53,755
Donations	-	6,744	8,814
Equipment rental/lease	21,500	28,324	22,958
Honorariums	105,445	267,552	195,800
Insurance	32,627	64,994	30,199
Interest on debt	-	3,478	4,393
Municipal services	95,412	127,404	146,255
Office and other	43,036	75,116	40,200
Professional development	20,000	14,135	16,946
Professional services	60,000	371,496	111,571
Rent/Leases	750	130,288	128,400
Repairs and maintenance	87,030	106,125	132,379
Salaries and benefits	653,011	1,113,274	861,098
Special needs	8,226	22,353	4,442
Supplies	32,626	94,422	112,387
Telecommunications	13,200	44,397	31,828
Travel	24,091	35,565	38,780
Tuition, allowances and incentives	130,317	164,108	193,771
Utilities	32,500	58,514	61,039
Workshops	48,993	37,923	101,073
Consultants and contractors	84,797	143,687	1,296,493
	\$ 1,768,411	\$ 3,752,689	\$ 4,243,544