

**Mamalilikulla First Nation
Consolidated Financial Statements**

March 31, 2019

Mamalilikulla First Nation Contents

For the year ended March 31, 2019

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Management's Responsibility

To the Members of Mamalilikulla First Nation

The accompanying financial statements of Mamalilikulla First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Mamalilikulla First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP is appointed by the Chief and Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Chief and Council and management to discuss their audit findings.

July 26, 2019

Signed by: Sonia Roberts

Band Administrator

Independent Auditor's Report

To the Members of Mamalilikulla First Nation:

Opinion

We have audited the consolidated financial statements of Mamalilikulla First Nation and its subsidiaries (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus (deficit) and related schedules, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the results of its consolidated operations and its consolidated 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.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 the First 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 Consolidated 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision 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.

Nanaimo, British Columbia

July 26, 2019

MNP LLP

Chartered Professional Accountants

Mamalilikulla First Nation
Consolidated Statement of Financial Position
As at March 31, 2019

	2019	2018
Financial assets		
Cash resources	655,021	1,177,725
Accounts receivable (Note 3)	38,109	3,074
Guaranteed investment certificates (Note 4)	1,000,000	-
Restricted cash (Note 5)	33,893	33,894
Funds held in trust (Note 6)	1,299,826	1,283,879
Advances to related parties (Note 7)	160,137	103,989
Investment in First Nation business enterprises (Note 8)	587,759	1,578,207
Investments in First Nation partnerships (Note 8)	3,895,921	2,862,144
Total of assets	7,670,666	7,042,912
Liabilities		
Accounts payable and accruals	49,947	62,369
Deferred revenue	50,000	227,105
Long-term debt (Note 9)	149,607	161,992
Total of financial liabilities	249,554	451,466
Net financial assets	7,421,112	6,591,446
Contingent liabilities (Note 10)		
Non-financial assets		
Tangible capital assets (Schedule 1)	756,853	432,142
Prepaid expenses	5,998	5,998
Total non-financial assets	762,851	438,140
Accumulated surplus (Note 14)	8,183,963	7,029,586

Approved on behalf of the Chief and Council

Signed by: Richard Sumner

**Chief
Councillor**

Signed by: John Powell

Councillor

Mamalilikulla First Nation
Consolidated Statement of Operations and Accumulated Surplus (Deficit)
For the year ended March 31, 2019

	<i>Schedules</i>	<i>2019 Budget (Note 15)</i>	<i>2019</i>	<i>2018</i>
Revenue				
Indigenous Services Canada		370,073	594,380	979,916
Province of BC		473,480	557,779	151,820
Other revenue		503,971	474,455	252,711
Canada Mortgage and Housing Corporation		-	1,661	1,661
Earnings from investment in Nation partnerships		-	1,033,777	448,268
Earnings from investment in Nation business entities		-	195,450	1,550,050
Interest income		3,206	24,624	30,741
		1,350,730	2,882,126	3,415,167
Expenses				
Band Government	3	745,791	935,499	619,927
Economic Development	4	781,057	775,363	400,768
Social Housing	5	-	16,887	78,394
		1,526,848	1,727,749	1,099,089
Annual surplus (deficit)		(176,118)	1,154,377	2,316,078
Accumulated surplus, beginning of year		-	7,029,586	4,713,508
Accumulated surplus (deficit), end of year		(176,118)	8,183,963	7,029,586

Mamalilikulla First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2019

	2019 <i>Budget</i> <i>(Note 15)</i>	2019	2018
Annual surplus (deficit)			
Purchases of tangible capital assets	(176,118)	1,154,377	2,316,078
Amortization of tangible capital assets	-	(395,804)	(135,243)
Proceeds of disposal of tangible capital assets	-	40,964	74,201
Loss on disposal of tangible capital assets	-	20,000	-
Use of prepaid expenses	-	10,129	-
	-	-	2,667
Increase (decrease) in net financial assets	(176,118)	829,666	2,257,703
Net financial assets, beginning of year	6,591,446	6,591,446	4,333,743
Net financial assets, end of year	6,415,328	7,421,112	6,591,446

Mamalilikulla First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	1,154,377	2,316,078
Non-cash items		
Amortization	40,964	74,201
Bad debts	92,789	55,080
Loss on disposal of tangible capital assets	10,129	-
Earnings from investment in First Nation partnerships	(1,033,777)	(448,268)
Earnings from investment in First Nation business enterprises	(195,450)	(1,550,050)
	69,032	447,041
Changes in working capital accounts		
Accounts receivable	(35,035)	27,366
Prepaid expenses	-	2,667
Accounts payable and accruals	(12,422)	29,296
Loan receivable	-	25,835
Deferred revenue	(177,104)	227,105
	(155,529)	759,310
Financing activities		
Repayment of long-term debt	(12,384)	(12,121)
Capital activities		
Purchases of tangible capital assets	(395,804)	(135,243)
Proceeds of disposal of tangible capital assets	20,000	-
	(375,804)	(135,243)
Investing activities		
Purchase of Guaranteed Investment Certificate	(1,000,000)	-
Increase in funds held in trust	(15,947)	(15,978)
Contribution to First Nation partnerships	-	(104,515)
Distributions from First Nation partnerships	1,071,800	365,494
Net advances to related parties	(34,840)	(89,252)
Increase in restricted cash	-	(19,542)
	21,013	136,207
Increase (decrease) in cash resources	(522,704)	748,153
Cash resources, beginning of year	1,177,725	429,572
Cash resources, end of year	655,021	1,177,725

Mamalilikulla First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

1. Operations

Mamalilikulla First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Mamalilikulla First Nation includes the First Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities and First Nation business partnerships.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Social Housing

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Mamalilikulla First Nation business entities, owned or controlled by the First Nation's Chief and Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method.

Mamalilikulla First Nation business partnerships, jointly owned and controlled by the First Nation's Chief and Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method.

Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Nanwakolas Carbon Credit Limited Partnership (23% ownership)
- Nanwakolas Forestry Limited Partnership (18% ownership)
- Nanwakolas Offset Limited Partnership (26% ownership)
- Nanwakolas Timber Limited Partnership (21% ownership)
- Nanwakolas Business Corporation
- Mamalilikulla Economic Development Corporation (Wholly owned)
- Mamalilikulla Economic Development Limited Partnership (Wholly owned)

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash resources

Cash resources includes balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Mamalilikulla First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

2. Significant accounting policies *(Continued from previous page)*

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible assets are recorded at their fair value at the date of contribution.

All intangible assets and items inherited by the right of the Nation, such as reserve land, forests, water and mineral resources, are not recognized in the Nation's consolidated financial statements.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives. In the year of acquisition, amortization is taken at one-half the rates. Assets under construction are not amortized until completion.

	Method	Rate
Buildings	declining balance	5 %
Automotive equipment	declining balance	30 %
Equipment	declining balance	20 %
Boats	declining balance	15 %
Social Housing	declining balance	5 %
Docks	declining balance	5 %

Long-lived assets

Long-lived assets consist of tangible capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when asset's service potential is reduced. Impairment is measured as the amount by which the assets' carrying amount exceeds its fair value. Any impairment is included in surplus for the year. Prices for similar items are used to measure fair value of long-lived assets.

The First Nation does not perform impairment testing on its long-lived assets that are held for public administration and situated on its reserve land as it is not possible to determine their fair market value.

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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Net financial assets

The First Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2019.

Mamalilikulla First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

2. Significant accounting policies *(Continued from previous page)*

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2019, no liability for contaminated sites exists.

Funds held in trust

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Revenue recognition

i) *Government Funding*

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, 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 Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

ii) *First Nation Capital and Revenue Trust Funds*

The First Nation recognizes revenue 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.

iii) *Canada Mortgage and Housing Corporation ("CMHC")*

CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

iv) *Housing 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.

v) *Own source and other revenue*

Own source and other revenue is recognized when performance is completed, amounts are measurable and collection is reasonably assured.

vi) *Investment income*

Investment income is recognized by the First Nation when investment income is earned.

Segments

The First Nation conducts its business through a number of reportable segments as described in Note 11. These operating segments are established by senior management to facilitate the achievement of the Nation's long-term objectives, to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

Mamalilikulla First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (Use of estimates)

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditures during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Expenditures that relate to on-going environmental and remediation programs are charged against operations as incurred. A liability for a contaminated site reflects management's best estimate of the amount required to remediate the contaminated site. The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future site remediation.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in surplus in the periods in which they become known.

Changes in Accounting Policy

Effective April 1, 2018, the First Nation adopted the recommendations relating to *PS 3430 Restructuring Transactions* as set out in the CPA Canada Public Sector Accounting Handbook. The main features of this standard are as follows:

- A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.
- Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.

There was no material impact on the consolidated financial statements of adopting the new section.

3. Accounts receivable

	2019	2018
First Nation Education Steering Committee	11,802	-
'Namgis First Nation	26,169	-
Canada Mortgage and Housing Corporation	138	969
Other	-	2,105
	38,109	3,074

4. Guaranteed investment certificates

	2019	2018
RBC GIC, bearing interest at 2.15%, maturing on December 13, 2019.	500,000	-
RBC GIC, bearing interest at 2.15%, maturing on December 13, 2019.	500,000	-
	1,000,000	-

Mamalilikulla First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

5. Restricted cash

	2019	2018
Social Housing Replacement Reserve	33,893	26,138
Social Housing Operating Reserve	-	7,756
	33,893	33,894

Social Housing Reserves

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited in the amount of \$2,000 (2018 - \$2,000) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, these reserves were under-funded by \$440 (2018 - \$25,758).

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), excess revenues over expenditures for the Post 1996 phases may be retained in an operating reserve. These funds along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At year end, the operating reserve was adequately funded (2018 - adequately funded)

6. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Chief and Council.

	2019	2018
Capital Trust		
Balance, beginning of year	30,122	30,122
Revenue Trust		
Balance, beginning of year	1,253,757	1,237,782
Interest	14,969	28,008
British Columbia special distribution	978	967
	1,269,704	1,266,757
Less: Transfers to Nation (Band Council Resolution: 24-November-2017)	-	13,000
Balance, end of year	1,269,704	1,253,757
	1,299,826	1,283,879

Ottawa Trust Funds

The Ottawa Trust accounts 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 is primarily governed by Sections 63 to 69 of the *Indian Act*.

Mamalilikulla First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

7. Advances to related parties

Advances to related parties are unsecured, non-interest bearing and due on demand. These entities are related by virtue of common control or joint control by the Nation.

	2019	2018
Mamalilikulla Qwe'Qwa'Sot'Em First Nation Business Trust	-	75,824
DMT Fisheries Society	55,016	28,165
Mamalilikulla Forestry Limited Partnership	105,121	-
	160,137	103,989

8. Investment in First Nation business entities

The First Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Share of earnings (loss)</i>	<i>Contributions / draws</i>	<i>Other adjustments</i>	<i>2019 Total investment</i>
First Nation Business Enterprises:						
Mamalilikulla Qwe'Qwa'Sot'Em First Nation Business Trust - 100%						
	1,578,956	-	-	(1,071,800)	(507,156)	-
Mamalilikulla Economic Development Corporation - 100%	(749)	2,248	1,212	-	-	2,711
Mamalilikulla Economic Development LP - 100%	-	(99)	194,238	99	390,809	585,047
	1,578,207	2,149	195,450	(1,071,701)	(116,347)	587,758
First Nation Business Partnerships:						
Nanwakolas Carbon Credit LP - 23%	19,040	-	125,221	-	-	144,261
Nanwakolas Forestry LP - 18%	72,298	-	678	-	-	72,976
Nanwakolas Offset LP - 26%	101,037	-	410,856	-	-	511,893
Nanwakolas Timber LP - 21%	2,669,768	-	497,022	-	-	3,166,790
Nanwakolas Business Corporation - 25%	1	-	-	-	-	1
	2,862,144	-	1,033,777	-	-	3,895,921
	4,440,351	2,149	1,229,227	(1,071,701)	(116,347)	4,483,679

Mamalilikulla First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. Investment in First Nation business entities *(Continued from previous page)*

						2018
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Share of earnings (loss)</i>	<i>Contributions / draws</i>	<i>Other adjustments</i>	<i>Total investment</i>
First Nation Business Enterprises:						
Mamalilikulla Qwe'Qwa'Sot'Em First Nation Business Trust - 100%						
Mamalilikulla Qwe'Qwa'Sot'Em First Nation Business Trust - 100%	(170,555)	192,702	1,550,800	6,009	-	1,578,956
Mamalilikulla Economic Development Corporation - 100%	1	-	(750)	-	-	(749)
	(170,554)	192,702	1,550,050	6,009	-	1,578,207
First Nation Business Partnerships:						
Nanwakolas Carbon Credit LP - 23%	184,763	-	199,771	(365,494)	-	19,040
Nanwakolas Forestry LP - 18%	73,599	-	(1,301)	-	-	72,298
Nanwakolas Offset LP - 26%	(1,580)	-	(1,448)	104,515	(450)	101,037
Nanwakolas Timber LP - 21%	2,418,522	-	251,246	-	-	2,669,768
Nanwakolas Business Corporation - 25%	1	-	-	-	-	1
	2,675,305	-	448,268	(260,979)	(450)	2,862,144
	2,504,751	192,702	1,998,318	(254,970)	(450)	4,440,351

The First Nation's investment in Mamalilikulla Economic Development Corporation was established for the purposes of running the economic activities of various business endeavours for the First Nation. It owns investments in Mamalilikulla Forestry Corporation and Mamalilikulla Fisheries Corporation.

Mamalilikulla Economic Development Limited Partnership was established for the purposes of running the economic activities of various business endeavours for the First Nation. It owns investments in Mamalilikulla Forestry Limited Partnership and Mamalilikulla Fisheries Limited Partnership. The year-end for the First Nation business entities is December 31, 2018. No significant or unusual transactions occurred between December 31, 2018 and March 31, 2019, therefore the December 31, 2018 figures are included without adjustment.

See Note 16 for a description of the reorganization that occurred in Mamalilikulla First Nation Economic Development Corporation and in Mamalilikulla Economic Development Limited Partnership during the year.

Mamalilikulla First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. Investment in First Nation business entities *(Continued from previous page)*

Summary financial information for each First Nation business partnerships and each First Nation business entity, accounted for using the modified equity method, for their respective year-end is as follows:

The below information is unaudited for the following entities:

	<i>Nanwakolas Carbon Credit Limited Partnership As at March 31, 2019 (Unaudited)</i>	<i>Nanwakolas Forestry Limited Partnership As at March 31, 2019 (Unaudited)</i>	<i>Nanwakolas Offset Limited Partnership As at March 31, 2019 (Unaudited)</i>	<i>Nanwakolas Timber Limited Partnership As at March 31, 2019 (Unaudited)</i>
Assets				
Cash	162,224	347,716	258,373	7,795,173
Accounts receivable	-	67,356	2,305,680	-
Inventory	-	-	77,055	-
Due from related parties	529,487	-	-	1,899,785
Other	-	-	-	123,473
Investment	-	-	-	5,406,449
Total assets	691,711	415,072	2,641,108	15,224,880
Liabilities				
Accounts payable and accruals	64,522	-	155,536	76,388
Due to related parties	-	-	629,477	50,000
Other	-	-	-	34,253
Total liabilities	64,522	-	785,013	160,641
Retained earnings	627,189	415,072	1,856,095	15,064,239
Total revenue	623,022	5,855	2,195,400	2,519,866
Total expenses	78,110	1,995	626,050	112,796
Net income (loss)	544,912	3,860	1,569,350	2,407,070
Comprehensive income (loss)	544,912	3,860	1,569,350	2,407,070

Mamalilikulla First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. Investment in First Nation business entities *(Continued from previous page)*

	<i>Nanwakolas Business Corporation</i> <i>As at March 31, 2019</i> <i>(Unaudited)</i>	<i>Mamalilikulla Economic Development Corporation</i> <i>As at December 31, 2018</i> <i>(Unaudited)</i>	<i>Mamalilikulla Economic Development Limited Partnership</i> <i>As at December 31, 2018</i> <i>(Unaudited)</i>
Assets			
Cash	6	1	-
Accounts receivable	-	-	-
Inventory	-	-	-
Due from related parties	-	749	751
Other	-	-	-
Investment	40	1,963	598,857
Total assets	46	2,713	599,608
Liabilities			
Accounts payable and accruals	-	750	2,500
Due to related parties	-	1,502	9,999
Other	-	-	-
Total liabilities	-	2,252	12,499
Retained earnings	46	461	587,109
Total revenue	-	1,962	198,700
Total expenses	-	750	2,500
Net income (loss)	-	1,212	196,200
Comprehensive income (loss)	-	1,212	196,200

Mamalilikulla First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

9. Long-term debt

	2019	2018
RBC loan, repayable in blended monthly instalments of \$475 bearing interest at RBC prime rate plus 1.55% per annum, secured by a general security agreement, maturing November 2020. At March 31, 2019 RBC prime rate was 3.95%.	9,470	14,532
All Nations Trust Company loan, repayable in blended monthly instalments of \$688, bearing interest at 1.43% per annum, secured by buildings with a net book value of \$92,677 (2018 - \$97,555), renewal April 1, 2022.	61,806	69,129
Government of Canada, repayable when the claim is settled, interest free.	78,331	78,331
	149,607	161,992

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

	Principal
2020	12,774
2021	11,653
2022	7,640
2023	7,750
2024	7,862
	<hr/>
Thereafter	47,679
	<hr/>
Total	101,928
	<hr/>
	149,607

10. Contingent liabilities

As at March 31, 2019, there existed outstanding claims against the Band. These claims have been referred to legal counsel. It is not possible to determine the Band's potential liability, if any, with respect to these matters.

11. Segments

The First Nation receives revenue and incurs expenses from many different projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by the following segments:

Band Government:

Includes general operations, support, and financial management of the First Nation.

Economic Development:

Includes revenue and expenses related to the development of economic opportunities to members, as well as the activities related to the growth of revenue producing projects with the First Nation.

Housing:

Includes revenue and expenses related to band owned and social housing of the members of the First Nation.

Mamalilikulla First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

12. Economic dependence

Mamalilikulla First Nation receives a significant portion of its revenue from Indigenous Services Canada (ISC) as a result of funding agreements entered into with the Government of Canada. These funding agreements are administered by ISC under the terms and conditions of the *Indian Act*. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

13. Comparative figures

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

14. Accumulated surplus

Accumulated surplus consists of the following:

	2019	2018
Equity in Ottawa Trust Funds	1,299,826	1,283,879
Equity in operating fund	1,671,078	890,448
Equity in tangible capital assets	695,046	363,013
Investment in First Nation business entities	4,483,680	4,440,351
Replacement and operating reserves	34,333	51,895
	8,183,963	7,029,586

15. Budget information

Budgets were not prepared for all segments and all departments in 2019. As such, the budget figures in the consolidated financial statements are not presented for the same scope of activities as the actual results.

The disclosed budget information was approved by the Chief and Council of the Mamalilikulla First Nation on October 29, 2018.

Chief and Council has not budgeted for the following segment:

	2019	2018
Budget approved by Chief and Council	1,630,261	-
Non-consolidated entities	(1,715,004)	-
Internal transfers	(91,375)	-
Budgeted annual deficit per statement of Operations and Accumulated Surplus (Deficit)	(176,118)	-

Mamalilikulla First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

16. Reorganization

Dissolution of related party controlled by the First Nation

Mamalilikulla First Nation Business Trust was dissolved on August 31, 2018. Prior to dissolution, all of the assets in Mamalilikulla First Nation Business Trust were transferred to the First Nation.

Incorporation of related parties controlled by the First Nation

Mamalilikulla Economic Development Corporation and Mamalilikulla Economic Development Limited Partnership were incorporated on October 24, 2018. Mamalilikulla Economic Development Corporation is a business entity controlled by Mamalilikulla First Nation and is the General Partner of Mamalilikulla Economic Development Limited Partnership. Upon incorporation all of the assets were transferred to Mamalilikulla Economic Development Limited Partnership. This transaction resulted in no material effect on the investment balances.

Mamalilikulla First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2019

	<i>Buildings</i>	<i>Automotive equipment</i>	<i>Equipment</i>	<i>Boats</i>	<i>Social Housing</i>	<i>Subtotal</i>
Cost						
Balance, beginning of year	153,448	28,900	42,183	86,933	227,335	538,799
Acquisition of tangible capital assets	18,523	11,500	-	92,000	-	122,023
Disposal of tangible capital assets	-	-	-	(47,074)	-	(47,074)
Write down of tangible capital assets	-	-	-	-	-	-
Balance, end of year	171,971	40,400	42,183	131,859	227,335	613,748
Accumulated amortization						
Balance, beginning of year	28,502	16,257	19,915	40,446	129,780	234,900
Annual amortization	6,710	5,518	4,454	9,354	4,878	30,914
Accumulated amortization on disposals	-	-	-	(16,945)	-	(16,945)
Balance, end of year	35,212	21,775	24,369	32,855	134,658	248,869
Net book value of tangible capital assets	136,759	18,625	17,814	99,004	92,677	364,879
2018 Net book value of tangible capital assets	124,946	12,643	22,268	46,487	97,555	305,917

Mamalilikulla First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2019

	<i>Subtotal</i>	<i>Docks</i>	<i>2019</i>	<i>2018</i>
Cost				
Balance, beginning of year	538,799	128,243	667,042	559,018
Acquisition of tangible capital assets	122,023	273,781	395,804	135,243
Disposal of tangible capital assets	(47,074)	-	(47,074)	-
Write down of tangible capital assets	-	-	-	(27,219)
 Balance, end of year	 613,748	 402,024	 1,015,772	 667,042
Accumulated amortization				
Balance, beginning of year	234,900	-	234,900	187,918
Annual amortization	30,914	10,050	40,964	74,201
Accumulated amortization on disposals	(16,945)	-	(16,945)	(27,219)
 Balance, end of year	 248,869	 10,050	 258,919	 234,900
Net book value of tangible capital assets	364,879	391,974	756,853	432,142
 2018 Net book value of tangible capital assets	 305,917	 128,243	 432,142	

Mamalilikulla First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2019

	2019 <i>Budget</i> <i>(Note 15)</i>	2019	2018
Consolidated expenses by object			
Administration	13,000	41	19,778
Amortization	-	40,964	74,201
Bad debts	-	92,789	55,080
Bank charges and interest	2,290	5,044	3,901
Contracted services	391,157	135,533	116,510
Distribution to Band Members	(900)	75,700	35,900
Election expense	-	12,767	-
Honoraria	9,150	10,350	30,155
Insurance	12,449	14,156	17,862
Lease expense	72,000	-	-
Living allowance	89,164	119,000	45,497
Materials and supplies	109,647	81,518	51,121
Meeting expenses	25,608	78,337	53,266
Miscellaneous	42,282	77,217	23,754
Office expense	27,667	24,698	16,650
Loss on disposal of tangible capital asset	-	10,130	-
Professional fees	76,673	98,917	150,704
Property tax	7,580	7,580	-
Rent	15,783	28,369	13,643
Repairs and maintenance	59,103	70,895	9,828
Salaries and benefits	419,053	483,982	260,658
Supplies	-	1,775	-
Training	9,882	11,986	23,982
Travel	102,568	150,838	65,273
Tuition	26,410	77,712	20,913
Utilities and telephone	16,282	17,451	10,413
	1,526,848	1,727,749	1,099,089

Mamalilikulla First Nation
Band Government
Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget (Note 15)	2019	2018
Revenue			
Indigenous Services Canada	350,226	501,843	522,750
Other revenue	169,350	126,575	-
	519,576	628,418	522,750
Expenses			
Administration	13,000	-	19,778
Bank charges and interest	2,290	4,058	2,840
Election expense	-	12,767	-
Contracted services	23,703	19,514	34,132
Honouraria	9,150	10,350	30,155
Insurance	12,449	10,534	14,291
Miscellaneous	16,098	22,928	11,000
Office expense	12,787	20,947	12,240
Professional fees	72,002	87,325	48,142
Rent	15,783	15,900	12,103
Repairs and maintenance	10,666	10,207	5,914
Materials and supplies	19,819	24,554	13,452
Salaries and benefits	312,773	323,677	257,027
Tuition	26,410	77,712	20,913
Supplies	-	1,775	-
Training	6,180	5,592	3,756
Travel	76,611	106,645	47,842
Utilities and telephone	16,281	17,453	10,412
Living allowance	89,164	119,000	45,497
Meeting expenses	10,625	44,561	30,433
	745,791	935,499	619,927
Deficit before transfers	(226,215)	(307,081)	(97,177)
Transfers between programs	61,375	61,375	31,160
Annual deficit	(287,590)	(245,706)	(66,017)

Mamalilikulla First Nation
Economic Development
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget (Note 15)	2019	2018
Revenue			
Province of BC	473,480	557,779	151,820
Other revenue	334,621	347,880	233,149
Indigenous Services Canada	19,847	92,537	457,166
Earnings from investment in First Nation partnerships	-	1,033,777	448,268
Earnings from investment in First Nation business enterprises	-	195,450	1,550,050
Interest income	3,206	24,624	30,741
	831,154	2,252,047	2,871,194
Expenses			
Amortization	-	36,086	25,148
Bad debts	-	92,789	39,259
Contracted services	367,454	116,019	82,379
Distribution to Band Members	(900)	75,700	35,900
Lease expense	72,000	-	-
Materials and supplies	89,828	56,965	37,669
Meeting expenses	14,983	33,776	22,833
Miscellaneous	26,184	54,289	12,754
Office expense	14,881	3,751	4,410
Loss on disposal of tangible capital asset	-	10,130	-
Professional fees	4,671	5,292	95,263
Property tax	7,580	7,580	-
Rent	-	12,469	1,540
Repairs and maintenance	48,436	59,626	2,325
Salaries and benefits	106,280	160,305	3,631
Training	3,702	6,394	20,226
Travel	25,958	44,192	17,431
	781,057	775,363	400,768
Surplus before transfers	50,097	1,476,684	2,470,426
Transfers between programs	30,000	(61,375)	(31,160)
Annual surplus	20,097	1,415,309	2,439,266

Mamalilikulla First Nation
Social Housing
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 <i>Budget</i> <i>(Note 15)</i>	2019	2018
Revenue			
Other revenue	-	-	19,562
Canada Mortgage and Housing Corporation	-	1,661	1,661
	-	1,661	21,223
Expenses			
Administration	-	41	-
Amortization	-	4,878	49,053
Bad debts	-	-	15,821
Bank charges and interest	-	985	1,060
Insurance	-	3,622	3,571
Professional fees	-	6,300	7,300
Repairs and maintenance	-	1,061	1,589
	-	16,887	78,394
Annual deficit	-	(15,226)	(57,171)