

Consolidated Financial Statements of

YUULU?IL?ATH? GOVERNMENT

And Independent Auditors' Report thereon

Year ended March 31, 2019

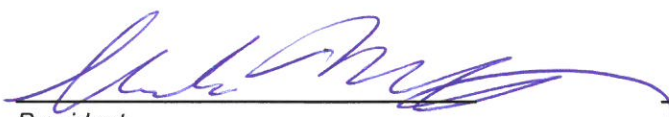
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Yuulu?il?ath? Government (the "Government") are the responsibility of management, and have been prepared in compliance with legislation, and in accordance with the CPA Canada Public Sector Accounting Handbook. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Government's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Executive meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Government. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Government's consolidated financial statements.



President

Director of Operations



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INDEPENDENT AUDITORS' REPORT

To the Council and Members of Yuulu?il?ath? Government

Opinion

We have audited the consolidated financial statements of the Yuulu?il?ath? Government (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2019, and its consolidated results of operations, its consolidated changes in net financial assets 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 "**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**" section of our auditors' report.

We are independent of the Entity 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 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.

Auditors' 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 auditors' 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 the 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 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 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 auditors' 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 auditors' report. However, future events or conditions may cause Entity 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Chilliwack, Canada
October 31, 2019

YUULU?IL?ATH? GOVERNMENT

Consolidated Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Financial assets:		
Cash	\$ 1,940,921	\$ 2,643,627
Accounts receivable (note 2)	379,070	371,188
Restricted cash (note 3)	3,656,706	3,618,969
Long-term investments (note 4)	39,264,934	36,040,032
Advances to related entities (note 4)	887,951	872,142
	<u>46,129,582</u>	<u>43,545,958</u>
Financial liabilities:		
Accounts payable and accrued liabilities	487,545	1,246,159
Deferred revenue	1,870,200	2,329,083
Long-term debt (note 5)	8,846,069	9,674,638
	<u>11,203,814</u>	<u>13,249,880</u>
Net financial assets	34,925,768	30,296,078
Non-financial assets:		
Tangible capital assets (note 6)	19,194,235	19,861,205
	<u>19,194,235</u>	<u>19,861,205</u>
Contingent liabilities (note 12)		
Accumulated surplus (note 7)	\$ 54,120,003	\$ 50,157,283

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of Yuulu?il?ath? Government:



President



Director of Operations

YUULU?IL?ATH? GOVERNMENT

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2019, with comparative information for 2018

	Budget (note 9)	2019	2018
Federal Government - grants and transfers:			
Indigenous Services Canada	\$ 8,858,277	\$ 9,019,628	\$ 8,444,499
First Nation Education Steering Committee	25,000	118,156	39,498
Other grants	53,000	302,339	30,108
Other Government Sources:			
Province of BC	92,317	148,992	162,693
Nuu-chah-nulth Tribal Council	245,000	783,490	198,759
CMHC and housing charges	135,000	124,772	121,228
Interest and other	135,000	218,079	252,040
First Nation:			
Investment Income - Implementation fund	90,000	729,996	724,169
Settlement Trust - Investment Income	-	1,130,391	875,087
Rental	-	399,133	343,724
Property taxation	55,000	2,263	17,116
Forestry revenue	212,000	105,629	158,992
Total revenue	9,900,594	13,082,868	11,367,913
Expenses:			
Social Development	420,250	572,762	556,879
Education	866,450	1,153,745	878,304
Administration	4,813,243	3,329,136	3,183,267
Community Services	1,180,705	1,164,585	744,781
Community and Health Services	751,600	564,278	711,209
Community Housing	121,000	501,853	480,047
Lands Management, Fisheries, and Forestry	782,800	762,595	562,223
Culture and Recreation	462,046	341,532	306,093
Settlement Trust	-	129,945	120,508
Implementation Fund	-	62,678	63,418
Equity loss in subsidiary (note 4)	-	537,039	486,119
Total expenses	9,398,094	9,120,148	8,092,848
Annual surplus	502,500	3,962,720	3,275,065
Accumulated surplus, beginning of year	-	50,157,283	46,882,218
Accumulated surplus, end of year	\$ 502,500	\$ 54,120,003	\$ 50,157,283

The accompanying notes are an integral part of these consolidated financial statements.

YUULU?IL?ATH? GOVERNMENT

Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2019, with comparative information for 2018

	Budget (note 9)	2019	2018
Annual surplus	\$ 502,500	\$ 3,962,720	\$ 3,275,065
Tangible Capital Assets:			
Acquisition of tangible capital assets	-	(666,789)	(1,442,589)
Amortization of tangible capital assets	-	1,333,759	1,305,348
	502,500	666,970	(137,241)
Change in prepaid expenses	-	-	5,124
Change in net financial assets	502,500	4,629,690	3,142,948
Net financial assets, beginning of year	30,296,078	30,296,078	27,153,130
Net financial assets, end of year	\$ 30,798,578	\$ 34,925,768	\$ 30,296,078

The accompanying notes are an integral part of these consolidated financial statements.

YUULU?IL?ATH? GOVERNMENT

Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 3,962,720	\$ 3,275,065
Items not involving cash:		
Amortization of tangible capital assets	1,333,759	1,305,348
Equity loss in subsidiary	537,039	486,119
Changes in non-cash working capital:		
Accounts receivable	(7,882)	83,513
Accounts payable and accrued liabilities	(758,614)	321,669
Deferred revenue	(458,883)	(317,315)
Prepaid expenses	-	5,124
	4,608,139	5,159,523
Capital activities:		
Acquisition of tangible capital assets	(666,789)	(1,442,589)
Investing activities:		
Advances to related entities	(15,809)	(456,820)
Increase in long term investments	(3,761,941)	(2,783,934)
Restricted cash	(37,737)	(361,075)
	(3,815,487)	(3,601,829)
Financing activities:		
Repayment of long-term debt (net of proceeds)	(828,569)	(809,145)
Change in cash	(702,706)	(694,040)
Cash, beginning of year	2,643,627	3,337,667
Cash, end of year	\$ 1,940,921	\$ 2,643,627

The accompanying notes are an integral part of these consolidated financial statements.

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements

Year ended March 31, 2019

1. Significant accounting policies:

The consolidated financial statements of Yuulu?il?ath? Government (the "Government") are prepared by management in accordance with the CPA Canada Public Sector Accounting Handbook. Significant accounting policies adopted by the Government are as follows:

(a) Fund accounting:

The Government uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been consolidated for the purpose of presentation in the consolidated Financial Statements. The Government maintains the following funds:

- The Operating Fund which reports the general activities of the Government administration.
- The Enterprise Fund which reports the enterprise activities of the Government.
- The Social Housing Fund which reports the social housing assets of the Government, together with related activities.
- The Trust Fund which reports the trust fund assets of the Government, together with related activities.

(b) Reporting entity and principles of financial reporting:

The Government reporting entity includes the Yuulu?il?ath? Government and all related entities which are accountable to the Government and are either owned or controlled by the Government.

Investments in incorporated business entities are included in the consolidated financial statements using the modified equity method. This includes YFN Holdings Limited Partnership ("YFN HLP").

All inter-entity balances have been eliminated on consolidation.

(c) Government transfers:

Government transfers received relate to social development, child care, housing and health programs. Government transfers paid relate to social services programs. Transfers are recognized in the consolidated financial statements as revenues or expenses in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(d) Non-financial capital assets:

Non financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Buildings, except social housing	3-25
Water and waste water systems	20
Roads	10-20
Machinery and equipment	3-20

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(e) Contaminated sites:

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The Government is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(f) Use of estimates:

The preparation of consolidated financial statements 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 revenues and expenses during the period. Significant estimates include assumptions used in estimating collectibility of accounts receivable, the estimated useful lives of tangible capital assets and the estimated liability for contaminated sites. Actual results could differ from these estimates.

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(g) Financial instruments are classified into two categories - fair value or cost::

- (i) Fair value category: Includes portfolio investments that are quoted in an active market and derivative instruments reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is recorded as an expense. Unrealized gains and losses on financial assets would be recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is de-recognized due to disposal or impairment. At the time of de-recognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus.
- (ii) Cost category: Gains and losses are recognized in the Statement of Operations and Accumulated Surplus when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is included in the cost of the related investments.

(h) Investments:

Investments are carried at cost or at cost less impairment losses to reflect any declines in value which are other-than-temporary. Dividends from these investments are included in revenue. Discounts/premiums arising on purchase of bonds are amortized over the period to maturity.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

2. Accounts receivable:

Accounts receivable consists of the following:

	2019	2018
Due from members:		
Tenant rent receivable	\$ 171,442	\$ 164,043
Less allowance for doubtful accounts	(171,442)	(164,043)
	-	-
Due from others:		
GST receivable	113,106	187,756
PST receivable	148,114	87,291
Other amounts	146,168	98,376
	407,388	373,423
Less allowance for doubtful accounts	(28,318)	(2,235)
	379,070	371,188
	\$ 379,070	\$ 371,188

3. Restricted cash:

Restricted cash is comprised of:

	2019	2018
Restricted - external	\$ 2,567,993	\$ 2,526,219
Designated - internal	690,786	682,537
Social Housing Replacement & Operating Reserve	397,927	410,213
Total restricted and designated funds	\$ 3,656,706	\$ 3,618,969

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

4. Long-term investments:

	2019	2018
Implementation Fund - marketable securities, at cost	\$ 15,071,912	\$ 14,404,594
Settlement Trust - marketable securities, at cost	22,375,381	19,580,758
Investment in YFN Holdings Limited Partnership	1,817,641	2,054,680
	<u>\$ 39,264,934</u>	<u>\$ 36,040,032</u>

The fair market value of the marketable securities held is as follows:

	2019	2018
Implementation fund	\$ 14,654,516	\$ 14,139,542
Settlement Trust	23,564,177	20,937,881
	<u>\$ 38,218,693</u>	<u>\$ 35,077,423</u>

The Government owns 99.9% of the units of YFN HLP. The Government's Investment in all controlled limited partners was transferred to this limited partnership on January 1, 2012. The YFN HLP's year end is December 31, and it's net earnings (loss) are reported by the Yuulu?il?ath Government using the modified equity method.

The Government recorded their share of the equity loss in YFN HLP of \$537,039 (2018 - \$949,748) based on the December 31, year end.

The Government has also loaned to YFN HLP or its subsidiary entities \$887,951 (2018 - \$872,142). These loans are without interest or fixed terms of repayment.

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

4. Long-term investments (continued):

Condensed summary fiscal information for YFN Holdings Partnership at December 31, 2018 is noted below.

	2018	2017
Current assets	\$ 214,681	\$ 78,906
Capital assets	5,318,165	5,756,302
Investment in NCN Cannery Limited Partnership	411,931	411,931
Related party loans	34,460	29,060
Total assets	5,979,237	6,276,199
Current liabilities	1,295,412	837,739
Long term debt	2,585,204	2,873,962
Related party loans	459,646	501,895
Partner's capital	1,638,975	2,026,603
Total liabilities and capital	5,979,237	6,240,199
Revenues	1,758,753	1,682,120
Expenses	2,296,381	2,298,034
	\$ (537,628)	\$ (615,914)

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

5. Long-term debt:

	2019	2018
Bank of Montreal, term loan, repayable at \$28,196 per month including interest at 2.85% secured by a promissory note of the Government and a general security agreement, renews April 30, 2020	\$ 5,170,518	\$ 5,358,619
Mortgage payable - All Nations Trust Co., repayable at \$11,537 per month, including interest at 1.67% per annum; secured by a guarantee of the Government and the Government of Canada; renews June 1, 2023	1,643,356	1,741,246
Government of Canada Maanulth Treaty loan. The Treaty agreement includes provision for annual loan payments of \$510,175 commencing on April 1, 2011 over a period of nine years. Prepayments can be made in advance resulting in a discount calculated at the future value of the payment amount discounted by 4.545%.	954,775	1,401,262
Construction loan - Bank of Montreal, repayable at \$3,633 per month, including interest at 2.86%; secured by a general security agreement, matures August 2021	686,082	709,696
Mortgage payable - All Nations Trust Co repayable at \$3,014 per month including interest at 1.11% per annum; secured by the guarantee of the Government and the Government of Canada; renews April 1, 2021	243,492	276,762
Bank of Montreal, construction loan. Interest only at prime plus 1.75% during construction	128,730	135,142
Bank of Montreal demand loan, repayable at \$2,733 per month, including interest at prime plus 1%; secured by a general security agreement	19,116	51,911
	\$ 8,846,069	\$ 9,674,638

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

5. Long-term debt (continued):

Scheduled principal repayments for the next five years are as follows:

2020	\$ 965,738
2021	6,261,002
2022	279,551
2023	106,326
2024	1,233,452

In addition to the above long-term debt, the Government has a \$600,000 overdraft loan facility which bears interest at prime plus 1%. This facility is not being utilized at March 31, 2019.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

6. Tangible capital assets:

Cost	Balance March 31, 2018	Additions/ Transfers	Disposals	Balance March 31, 2019
Land	\$ 1,125,006	\$ -	\$ -	\$ 1,125,006
Buildings	14,057,662	1,220,489	-	15,278,151
Machinery and equipment	1,377,307	90,630	-	1,467,937
Roads	887,952	-	-	887,952
Water and waste water systems	7,826,968	-	-	7,826,968
Social housing	4,967,355	-	-	4,967,355
Assets under construction	1,285,351	(644,330)	-	641,021
Total	\$ 31,527,601	\$ 666,789	\$ -	\$ 32,194,390

Accumulated amortization	Balance March 31, 2018	Disposals	Amortization/ transfers	Balance March 31, 2019
Buildings	\$ 5,837,190	\$ -	\$ 619,611	\$ 6,456,801
Machinery and equipment	1,172,368	-	92,543	1,264,911
Roads	491,782	-	24,783	516,565
Water and waste water systems	2,788,979	-	348,455	3,137,434
Social housing	1,376,077	-	248,367	1,624,444
Total	\$ 11,666,396	\$ -	\$ 1,333,759	\$ 13,000,155

	Net book value March 31, 2018	Net book value March 31, 2019
Land	\$ 1,125,006	\$ 1,125,006
Buildings	8,220,472	8,821,350
Machinery and equipment	204,939	203,026
Roads	396,170	371,387
Water and waste water systems	5,037,989	4,689,534
Social housing	3,591,278	3,342,911
Assets under construction	1,285,351	641,021
Total	\$ 19,861,205	\$ 19,194,235

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

7. Accumulated surplus:

Accumulated surplus consists of individual fund surplus, invested in tangible capital assets and reserve funds as follows:

	2019	2018
Surplus:		
Unrestricted equity in funds	\$ 43,446,723	\$ 39,672,071
Surplus associated with tangible capital assets:		
Invested in tangible capital assets	10,348,166	10,186,567
Reserve funds set aside by statutory requirements:		
Replacement reserve fund (note 8)	325,114	298,645
	\$ 54,120,003	\$ 50,157,283

8. Replacement reserve fund:

In accordance with the terms and conditions of the Operating Agreement with Canada Mortgage and Housing Corporation, Yuulu?il?ath Government Non-Profit Housing must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets.

These funds are to be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

A continuity of the required funds is as follows:

	2019	2018
Replacement reserve fund:		
Opening balance	\$ 298,645	\$ 265,155
Contributions	38,450	38,450
Interest earned during the year	3,482	2,529
Replacement reserve expenditures	(15,463)	(7,489)
Closing balance	\$ 325,114	\$ 298,645

As at March 31, 2019, the Replacement Reserve Fund was fully funded (2018 - fully funded).

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

9. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2019 operating and capital budgets. These budgets have been approved by the legislature. Amortization was not contemplated on development of the budget and, as such, has not been included.

10. Economic dependence:

The Government receives a major portion of its revenue pursuant to a funding arrangement with Indigenous Services Canada (ISC).

11. Comparative information:

Certain 2018 comparative information has been reclassified to conform with the financial statement presentation adopted in the current year. These reclassifications did not impact earnings.

12. Contingent liabilities:

- a) The Government is contingently liable to the Federal Government for guaranteed mortgages of certain Government's citizens. At March 31, 2019 the amount of this contingent liability was approximately \$20,000 from estimates provided by ISC.
- b) The Government has guaranteed the loans of certain Limited Partnerships and Corporations which it owns. As at March 31, 2019 the total loans being guaranteed were originally issued for \$5,458,749 and have a current balance totaling \$2,236,098. The Government has also guaranteed \$645,000 in overdraft and credit card facilities for these Limited Partnerships and Corporations
- c) The Government has received funding from CMHC to provide major renovations to the homes of certain of its citizens. This funding of \$85,065 (2018 - \$85,065) becomes repayable in the event that the citizen does not remain in the house for a period of five years.
- d) The Government and its incorporated businesses are subject to legal proceedings and claims which arise in the ordinary course of business. While the outcome is not currently determinable, the Government's management does not expect that the results of these proceedings will have a material adverse effect on the Government's financial condition or results of operations.

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

13. Financial Risks:

The financial instruments of the Government consist of cash, accounts receivable, restricted cash, investments, advances to related entities, accounts payable and accruals. Unless otherwise noted, it is managements opinion that the Government is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

The Government is exposed to financial risk that arises from the fluctuation in interest rates and in the credit quality of its customers and related-parties.

Credit Risk

The Governments credit risk consists principally of cash and cash equivalents, accounts receivable, and loans receivable. The Government maintained cash and cash equivalents with reputable and major financial institutions.

Interest Rate Risk

The Government is exposed to interest rate risk with respect to cash and cash equivalents, and borrowings. There are no derivative financial instruments to mitigate these risks.

There has been no significant changes in these risks from 2018.

14. Segmented information:

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1. The following table presents the expenses incurred and the revenue generated by each main object of expense and by major revenue type. The segment results for the period are as follows:

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements
Year ended March 31, 2019

14. Segmented information (continued):

	Social Development	Education	Administration	Community Services	Community and Health Services	Community Housing	Lands Management, Fisheries and Forestry	Culture and Recreation	Settlement Trust and Implementation Fund	2019	2018
Revenues:											
Federal government	\$ -	\$ 52,658	\$ 7,363,455	\$ 1,897,490	\$ 37,367	\$ 37,333	\$ -	\$ 51,820	\$ -	\$ 9,440,123	\$ 8,514,105
Other government sources	-	115,916	-	171,615	644,951	124,772	-	-	-	1,057,254	562,572
First Nation economic activities	-	-	-	21,363	-	380,033	105,629	-	-	507,025	519,832
Interest and other	-	4,000	108,916	1,181	1,621	9,890	92,221	250	1,860,387	2,078,466	1,851,296
	-	172,574	7,472,371	2,091,649	683,939	552,028	197,850	52,070	1,860,387	13,082,868	11,447,805
Expenses:											
Operating expenses	395,677	999,198	1,282,324	612,538	394,964	146,103	561,301	128,040	-	4,520,145	3,791,125
Salaries, wages & benefits	177,085	154,547	902,429	401,796	169,314	48,624	201,294	213,492	-	2,288,581	2,112,073
Interest and investments	-	-	58,991	150,251	-	58,758	-	-	192,623	460,623	478,074
Amortization of tangible capital assets	-	-	1,085,392	-	-	248,368	-	-	-	1,333,760	1,305,348
	572,762	1,153,745	3,329,136	1,164,585	564,278	501,853	762,595	341,532	192,623	8,583,109	7,686,620
Equity Loss on subsidiary	-	-	-	-	-	-	-	-	-	537,039	486,119
Annual (surplus) deficit	\$ (572,762)	\$ (981,171)	\$ 4,143,235	\$ 927,064	\$ 119,661	\$ 50,175	\$ (564,745)	\$ (289,462)	\$ 1,667,764	\$ 3,962,720	\$ 3,275,066



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INDEPENDENT REVIEW ENGAGEMENT REPORT

To Indigenous Services Canada and Members of the Yuułu?i?ath Government

We have reviewed the accompanying Schedule of Remuneration (Members of Legislature) for Yuułu?i?ath Government for the year ended March 31, 2019, (the "Schedule"). The Schedule has been prepared by management in accordance with the financial reporting provisions in Section 7.3 of the Indigenous and Northern Affairs Canada 2018-2019 Year End Reporting Guide.

Management's Responsibility for the Schedule

Management is responsible for the preparation of the schedule in accordance with the financial reporting provisions in Section 7.3 of the Indigenous and Northern Affairs Canada 2018-2019 Year End Reporting Guide; this includes determining that the applicable financial framework is acceptable for the preparation of the schedule in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying schedule based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of the schedule in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on this schedule.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Schedule of Remuneration (Members of Legislature) for the year ended March 31, 2019 is not prepared, in all material respects, in accordance with the financial reporting provisions in Section 7.3 of the Indigenous and Northern Affairs Canada 2018-2019 Year End Reporting Guide.

Restriction on Use

Our report is intended solely for Indigenous Services Canada and Members of the Yuułu?i?ath Government and should not be used by parties other than Indigenous Services Canada and Members of the Yuułu?i?ath Government

KPMG LLP

Chartered Professional Accountants

Chilliwack, Canada
October 31, 2019

Yuufu?it?ath Government
Schedule of Remuneration of Members of the Legislature
As per section 2.25 of the Constitution
For the fiscal year 2018/2019

Name	Title	Months	Honoraria	CPP	Health Insurance	Pension Plan	Total
Charlie, Melody	Member of Legislature	12	\$ 7,500	\$ 198	\$ 1,437	\$ -	\$ 9,135
Doiron, Les	President	12	65,000	3,044	1,601	3,250	72,895
McCarthy, Alan	Member of Legislature	12	20,000	817	1,437	-	22,254
Mundy, Richard	Member of Legislature	12	20,000	817	849	-	21,666
Taylor, Gordon	Member of Legislature	12	20,000	817	-	-	20,817
Touchie, Jeneva	Member of Legislature	12	20,000	817	1,491	-	22,308
Touchie, Jordan	Member of Legislature	12	-	38	-	-	1,480
Baird, Lawrence	Member of Legislature	8	4,904	130	-	-	5,034
			\$ 158,846	\$ 6,678	\$ 6,815	\$ 3,250	\$ 175,589