

LOWER SIMILKAMEEN INDIAN BAND

FINANCIAL STATEMENTS
MARCH 31, 2014

2014 Lower Similkameen Indian Band

LOWER SIMILKAMEEN INDIAN BAND

INDEX TO THE FINANCIAL STATEMENTS

March 31, 2014

Management's Responsibility for Financial Reporting

Independent Auditors' Report

SUMMARY FINANCIAL STATEMENTS

Summary Statement of Financial Position	Statement 1
Summary Statement of Operations	Statement 2
Summary Statement of Change in Net Financial Assets	Statement 3
Summary Statement of Cash Flows	Statement 4
Notes to Financial Statements	

Lower Similkameen Indian Band

March 31, 2014

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Lower Similkameen Indian Band for the year ended March 31, 2014 and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board (PSAB). Financial statements are not precise since they include certain amounts based on 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 Lower Similkameen Indian Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Lower Similkameen Indian Band's assets are appropriately accounted for and adequately safeguarded.

The Lower Similkameen Indian Band 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 Council reviews the First Nation's financial statements. The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report. The Council approves the financial statements for issuance to the Members. The Council also considers, for review and approval by the Members, the engagement of the external auditors.

The accompanying financial statements have been audited by Reid Hurst Nagy Inc., Certified General Accountants, in accordance with Canadian generally accepted auditing standards on behalf of the Members. Reid Hurst Nagy Inc., Certified General Accountants have full and free access to the books and records of the First Nation.

~~Band Manager~~

07
Date

Date

INDEPENDENT AUDITORS' REPORT

LOWER SIMILKAMEEN INDIAN BAND

Report on the financial statements

We have audited the accompanying summary financial statements of Lower Similkameen Indian Band, which comprise the summary statement of financial position as at March 31, 2014, the summary statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lower Similkameen Indian Band as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



REID HURST NAGY INC.
CERTIFIED GENERAL ACCOUNTANTS

JULY 29, 2014
KELOWNA, B.C.

www.rhncga.com

LOWER SIMILKAMEEN INDIAN BAND

SUMMARY STATEMENT OF FINANCIAL POSITION March 31, 2014

Statement 1

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash	742,117	689,662
Ottawa Trust Funds (Note 5)	557,201	1,135,615
Trust Funds - Harry Robinson Estate (Note 5)	187,085	184,775
Restricted cash - Reserve funds	416,968	270,706
Temporary investments	534,297	323,383
Accounts receivable	939,794	626,060
Rents receivable	135,750	141,119
Investment in All Nations Trust Company	41,852	41,852
Investment, loans and advances to First Nation Controlled Entities (Note 4)	729,178	967,671
	4,284,242	4,380,843
LIABILITIES		
Accounts payable	964,728	463,544
Deferred revenue	183,000	183,000
Long-term debt (Note 6)	2,726,359	1,948,880
Due to related parties	15,755	17,235
	3,889,842	2,612,659
NET FINANCIAL ASSETS	394,400	1,768,184
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 3)	5,188,423	4,500,688
Prepaid expenses	48,209	44,095
	5,236,632	4,544,783
EQUITY (Note 7)	5,631,032	6,312,967

APPROVED ON BEHALF OF
THE LOWER SIMILKAMEEN INDIAN BAND



Chief
Band Manager

The notes to the financial statements are an integral part thereof.

LOWER SIMILKAMEEN INDIAN BAND

SUMMARY STATEMENT OF OPERATIONS For the year ended March 31, 2014

Statement 2

	2014 \$	2013 \$
REVENUE		
Aboriginal Affairs and Northern Development Canada	2,314,268	1,909,473
Health Canada / First Nations Health Authority	2,037,658	808,295
Administration fees	283,387	229,558
First Nations Education Steering Committee	41,910	59,767
General	1,340,719	1,149,965
Taxation	239,607	232,577
Rental income	48,731	40,968
Mortgage proceeds	891,191	125,639
Okanagan Training and Development Council	139,181	103,480
Environment Canada	129,088	183,636
Parks Canada	-	80,000
Province of British Columbia	411,663	655,315
Interior Health Authority	41,173	49,879
Social housing fund	302,613	340,453
Capital fund	1,377,856	106,218
Ottawa trust funds	21,586	90,742
Trust funds - Harry Robinson	2,310	2,245
Enterprise fund	(238,493)	63,454
Development Corporation	24,463	24,400
	9,408,911	6,256,064
EXPENDITURES		
Band programs	2,073,306	2,812,053
Health	792,751	780,541
Social development	697,588	745,593
Education	1,442,704	1,022,971
Economic development	29,439	68,585
Capital programs	3,320,356	193,821
Social Housing	638,656	251,713
Capital fund	1,070,765	187,328
Development Corporation	25,281	23,634
	10,090,846	6,086,239
ANNUAL EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES	(681,935)	169,825

The notes to the financial statements are an integral part thereof.

LOWER SIMILKAMEEN INDIAN BAND

SUMMARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the year ended March 31, 2014

Statement 3

	2014 \$	2013 \$
ANNUAL EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES	(681,935)	169,825
Acquisition of tangible capital assets	(1,340,323)	(54,406)
Amortization of tangible capital assets	291,101	256,034
Acquisition of social housing fund tangible capital assets	-	(110,547)
Disposition of tangible capital assets	361,487	37,304
	(1,369,670)	298,210
Acquisition of prepaid asset	(48,209)	(44,095)
Use of prepaid asset	44,095	78,595
	(4,114)	34,500
NET CHANGE IN FINANCIAL ASSETS	(1,373,784)	332,710
NET FINANCIAL ASSETS BEGINNING OF YEAR	1,768,184	1,435,474
NET FINANCIAL ASSETS AT END OF YEAR	394,400	1,768,184

The notes to the financial statements are an integral part thereof.

LOWER SIMILKAMEEN INDIAN BAND

SUMMARY STATEMENT OF CASH FLOWS March 31, 2014

Statement 4

	2014 \$	2013 \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures	(681,935)	169,825
Non-cash items:		
Share of income (loss) in First Nations Controlled Entities	238,493	(63,454)
Amortization	291,101	256,034
Deferred revenue	-	183,000
Changes in non-cash operating net assets	617,067	(218,407)
	464,726	326,998
FINANCING ACTIVITIES		
Repayment of Social Housing, Capital, and Enterprise Funds long-term debt	(113,712)	(107,573)
Proceeds from Social Housing mortgage	-	110,547
Proceeds from Long-term debt	891,191	-
	777,479	2,974
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(1,340,323)	(164,953)
Disposition of tangible capital assets	361,487	37,304
	(978,836)	(127,649)
CHANGES IN CASH DURING YEAR	263,369	202,323
CASH AT BEGINNING OF YEAR	1,013,045	810,722
CASH AT END OF YEAR	1,276,414	1,013,045
REPRESENTED BY:		
Cash	742,117	689,662
Temporary investments	534,297	323,383
	1,276,414	1,013,045

The notes to the financial statements are an integral part thereof.

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014

1: OPERATIONS

The Lower Similkameen Indian Band is located in the province of British Columbia, and provides various services to its members. Lower Similkameen Indian Band includes the Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2: SIGNIFICANT ACCOUNTING POLICIES

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

a) Fund Accounting

The Lower Similkameen Indian Band 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 amalgamated for the purpose of presentation in the Summary Financial Statements. Details of the operations of each fund are set out in the supplementary schedules. The Lower Similkameen Indian Band maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation Administration.
- The Capital Fund which reports the capital assets of the First Nation, together with their related financing.
- The Social Housing Fund which reports the social housing assets of the First Nation, together with related activities.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties
- The Enterprise Fund which reports the First Nation's investments in related entities.

b) Reporting Entity and Principles of Financial Reporting

The Lower Similkameen Indian Band reporting entity includes the Lower Similkameen Indian Band government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation, except for First Nation business entities.

These financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Similkameen Chopaka Social Housing Society
- Lower Similkameen Development Corporation

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specified fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014

2: SIGNIFICANT ACCOUNTING POLICIES

b) Reporting Entity and Principles of Financial Reporting (continued)

The First Nation's business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to extend 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 the post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

0783309 BC Ltd.

Lower Similkameen Community Forests Ltd.

Lower Similkameen Community Forests Limited Partnership

Lower Similkameen Holdings Ltd.

Lower Similkameen Holdings Limited Partnership

Skulqalt Forestry Ltd.

Skulqalt Forestry Limited Partnership

c) Tangible Capital Assets

Tangible capital asset include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for the producing goods and delivering services. Tangible capital assets are recorded at net book value.

The acquisition costs of capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenditures are also recorded as an addition to assets of the Capital Fund with a corresponding increase in Equity and Tangible Capital Assets.

Tangible capital assets acquired as part of the Social Housing Fund and Enterprise Fund are recorded as assets of those funds.

d) Amortization

Tangible capital assets are recorded and amortized annually with a corresponding reduction in Equity in Tangible Capital Assets. Assets are amortized over their expected useful life using the straight line method at the following rates:

Buildings and improvements	20 years straight-line
Campground	20 years straight-line
Computer equipment	3 years straight-line
Computer software	3 years straight-line
Equipment	5 years straight-line
Automobile	5 years straight-line

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014

d) Amortization (continued)

Social housing units	20 years straight-line
Leasehold improvements	20 years straight-line
Roads	over the expected useful life
Water and sewer systems	over the expected useful life

Social Housing assets acquired under C.M.H.C. sponsored housing programs are being depreciated in an amount equal to the principal reduction of the mortgages.

e) Long-term Debt

Long-term financing received to fund tangible capital asset purchases is recognized in the period the expenditure occurs. Repayments of long-term financing are recognized as expenditures when repaid and also as a decrease in long-term debt and an increase in fund equity.

f) Revenue Recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Statement of Financial Position.

g) Budget Figures

Budget amounts have been derived from the official budget adopted by Council at the beginning of the current year. The budget figures have not been subject to any audit verification.

h) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing operations and are not for resale. Non-financial assets include capital assets, prepaid expenses and inventories of supplies.

i) 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 liabilities less its financial assets. Net financial assets are comprised of two components, non-financial assets and accumulated surplus.

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014

NOTE 3: TANGIBLE CAPITAL ASSETS

	TANGIBLE CAPITAL ASSETS									
	Leasehold Improvements	Campground	Roads	Automotive	Buildings	Equipment	Water & Sewer System	Land	Social Housing	Total
March 31, 2014										
Cost										
Balance, beginning of year	186,371	165,109	957,617	239,122	2,100,451	1,038,401	591,826	145,861	3,744,867	9,169,625
Acquisitions	-	-	-	42,366	1,259,458	22,885	-	15,614	-	1,340,323
Disposals	-	-	-	-	-	-	-	-	(470,612)	(470,612)
Balance, end of year	186,371	165,109	957,617	281,488	3,359,909	1,061,286	591,826	161,475	3,274,255	10,039,336
Accumulated amortization										
Balance, beginning of year	153,715	123,831	466,317	168,207	1,480,154	936,226	281,815	-	1,058,672	4,668,937
Amortization	3,027	8,255	12,656	25,646	63,945	58,839	9,784	-	108,949	291,101
Disposals	-	-	-	-	-	-	-	-	(109,125)	(109,125)
Balance, end of year	156,742	132,086	478,973	193,853	1,544,099	995,065	291,599	-	1,058,496	4,850,913
Net Book Value of Tangible Capital Assets	29,629	33,023	478,644	87,635	1,815,810	66,221	300,227	161,475	2,215,759	5,188,423
March 31, 2013										
Cost										
Balance, beginning of year	186,371	165,109	957,617	253,102	2,100,451	1,011,464	591,826	145,861	3,634,320	9,046,121
Acquisitions	-	-	-	27,469	-	26,937	-	-	-	110,547
Disposals	-	-	-	(41,449)	-	-	-	-	-	(41,449)
Balance, end of year	186,371	165,109	957,617	239,122	2,100,451	1,038,401	591,826	145,861	3,744,867	9,169,625
Accumulated amortization										
Balance, beginning of year	150,688	115,576	453,661	153,690	1,431,061	885,100	272,031	-	955,241	4,417,048
Amortization	3,027	8,255	12,656	18,662	49,093	51,126	9,784	-	103,431	256,034
Disposals	-	-	-	(4,145)	-	-	-	-	-	(4,145)
Balance, end of year	153,715	123,831	466,317	168,207	1,480,154	936,226	281,815	-	1,058,672	4,668,937
Net Book Value of Tangible Capital Assets	32,656	41,278	491,300	70,915	620,297	102,175	310,011	145,861	2,686,195	4,500,688

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014

NOTE 4: INVESTMENT IN FIRST NATION CONTROLLED ENTITIES

March 31, 2014

	<u>Cost</u>	<u>Advances</u>	<u>Undistributed Earnings (Loss)</u>	<u>2014 Total Investment</u>
Skulqalt Forestry Ltd	1	-	(1,088)	(1,087)
Lower Similkameen Holdings Ltd.	1	2,539	(2,431)	109
0783309 BC Ltd.	1	-	709,639	709,640
	3	2,539	706,120	708,662
Lower Similkameen Community Forests Ltd. 25%	20	-	(2,062)	(2,042)
Lower Similkameen Community Forests LP 25%	-	-	22,558	22,558
	23	2,539	726,616	729,178

Shares are held in trust by specified Band members under trust agreements.

Financial information for each of the entities for their respective periods ending is as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Net Income (Loss)</u>
Skulqalt Forestry Ltd	112	1,199	23	23
Lower Similkameen Holdings Ltd.	110	2,540	23	23
0783309 BC Ltd.	1	-	-	-
Lower Similkameen Holdings LP	710,951	1,200	-	(232,183)
Lower Similkameen Community Forests Ltd.	80	8,245	-	(2,740)
Lower Similkameen Community Forests LP	239,787	156,299	335,419	(22,405)

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LOWER SIMILKAMEEN INDIAN BAND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014

NOTE 4: INVESTMENT IN FIRST NATION CONTROLLED ENTITIES, Continued

March 31, 2013

	<u>Cost</u>	<u>Advances</u>	<u>Undistributed Earnings (Loss)</u>	<u>2013 Total Investment</u>
Skulqalt Forestry Ltd	1	-	(1,066)	(1,065)
Lower Similkameen Holdings Ltd.	1	2,539	(2,408)	132
0827539 BC Ltd.	1	52,837	(52,838)	-
0783309 BC Ltd.	1	-	941,800	941,801
Ashnola Campground Ltd.	1	-	-	1
	5	55,376	885,488	940,869
Lower Similkameen Community Forests Ltd. 25%	20	-	(1,377)	(1,357)
Lower Similkameen Community Forests LP 25%	-	-	28,159	28,159
	25	55,376	912,270	967,671

Shares are held in trust by specified Band members under trust agreements.

Financial information for each of the entities for their respective periods ending is as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Net Income (Loss)</u>
Skulqalt Forestry Ltd	136	1,200	6,339	6,339
Lower Similkameen Holdings Ltd.	133	2,540	5,054	3,779
0783309 BC Ltd.	1	-	-	-
Lower Similkameen Holdings LP	943,134	1,200	38,033	31,228
0827539 BC Ltd.	52,837	-	-	-
Lower Similkameen Community Forests Ltd.	80	5,507	-	(1,356)
Lower Similkameen Community Forests LP	193,874	85,250	120,122	11,983

NOTE 5: 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.

In addition to the above, the First Nation also maintains funds held in trust from the Estate of Harry Robinson, which are to be used at the discretion of the band membership.

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

NOTE 6: LONG-TERM DEBT

	2014 \$	2013 \$
All Nations Trust Company loan, payment of \$1,876 per month including interest at 1.62% per annum, maturing January 1, 2023, secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada	185,185	204,534
All Nations Trust Company loan, payment of \$2,632 per month including interest at 2.65% per annum, maturing December 1, 2024, secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada	295,370	318,836
All Nations Trust Company loan, payment of \$1,849 per month including interest at 1.53% per annum, maturing November 1, 2022, secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada	180,046	199,332
All Nations Trust Company loan, payment of \$929 per month including interest at 2.57% per annum, maturing May 1, 2019, secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada	53,922	63,561
All Nations Trust Company loan, payment of \$4,534 per month including interest at 1.64% per annum, maturing December 1, 2036, secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada	1,031,879	1,069,089
All Nations Trust Company loan, payment of \$568 per month including interest at 5.24% per annum, no set repayment date, and is secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada	64,601	67,665
All Nations Trust Company loan, payment of \$262 per month including interest at 5.85% per annum, no set repayment date, and is secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada	24,165	25,863
Bank of Montreal construction loan payable on demand. Interest calculated at prime plus 0.50% per annum	891,191	-
	<hr/> 2,726,359	<hr/> 1,948,880

FUTURE PRINCIPAL REPAYMENTS

The estimated principal payments for the next five years are as follows:

	\$
2014	1,007,262
2015	118,351
2016	120,944
2017	123,455
2018 and beyond	1,356,345
	<hr/> 2,726,359

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014

NOTE 7: MEMBERS' EQUITY

	2014 \$	2013 \$
Restricted		
Social Housing Fund	852,054	1,188,100
Trust Funds - Ottawa	557,201	1,135,615
Trust Fund - Harry Robinson	187,085	184,775
Enterprise Fund - Development Corporation	(86,640)	(88,400)
Enterprise Fund - Investment in Business Entities	729,178	967,671
	2,238,878	3,387,761
Unrestricted		
Operating Fund	1,425,537	1,263,101
Capital Fund	1,966,617	1,662,105
	3,392,154	2,925,206
TOTAL EQUITY	5,631,032	6,312,967

NOTE 8: REPLACEMENT RESERVE FUND

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Housing Program 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 interest-bearing bank account or term deposit with the interest earned to be credited as revenue to the Replacement Reserve Fund. As at the Statement of Financial Position date the fund is underfunded by \$206 (2013 - \$38,148).

NOTE 9: OPERATING RESERVE FUND

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Program is to set aside any surplus revenue to an operating reserve fund for the purpose of meeting future requirements of income listed occupants over and above the maximum federal assistance. The Fund may be replenished to its original limit from subsequent operating surpluses.

As at the Statement of Operation date the fund is underfunded by \$18,863 (2013 - \$78,020).

NOTE 10: MINISTERIAL GUARANTEE

A Government of Canada Ministerial Guarantee has been obtained for the following loan. If this loan defaults, the Minister may recover the outstanding amounts from the Lower Similkameen Indian Band.

The Lower Similkameen Indian Band has guaranteed loans to certain band members in the amount of \$277,647.

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014

NOTE 11: SEGMENTED INFORMATION

The Lower Similkameen Indian Band is a First Nations government institution that provides a range of programs and services to its members, including band programs, health, social development, education, economic development, capital projects and social housing.. For management reporting purposes the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

The Band Programs department is responsible for administering projects the Band is involved in annually and on an on-going basis relating to the overall objectives of the First Nation and the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, band government, economic development, community services and technical services.

The Health department oversees the delivery of health programs and initiatives for the betterment of the lives of the members of the First Nation.

Social Development provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

Education supports the members in expressing, preserving, developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs, it also provides services for students at the elementary/secondary and post secondary level, including; instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

Economic Development supports the development of employment opportunities for members of the First Nation.

Capital Projects manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nation's infrastructure.

Social Housing is responsible for the administration and management of Social Housing units.

Other operations include Capital Fund, Trust Fund and Enterprise Fund transactions.

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.

continued on next page...

LOWER SIMILKAMEEN INDIAN BAND
 NOTES TO THE FINANCIAL STATEMENTS
 March 31, 2014

NOTE 11: SEGMENTED INFORMATION (Continued)

	Band Programs	Health	Social Development	Education	Economic Development	Capital Programs	Other	Social Housing	Total 2014	Total 2013
REVENUE										
Aboriginal Affairs and Northern Development Canada	538,334	-	628,941	777,557	22,166	347,270	-	-	2,314,268	1,909,473
Health Canada / FNHA	755,458	755,458	-	82,200	-	1,200,000	-	-	2,037,658	808,295
Administration fees	283,387	-	-	-	-	-	-	-	283,387	229,558
First Nation Education Steering Committee	-	-	-	41,910	-	-	-	-	41,910	59,767
General	906,231	9,135	32,643	383,960	8,750	-	-	-	1,340,719	1,149,965
Taxation	239,607	-	-	-	-	-	-	-	239,607	232,577
Rental	48,731	-	-	-	-	-	-	-	48,731	40,968
Debt proceeds	-	-	-	-	-	-	-	-	891,191	125,639
Okanagan Training and Development Council	-	-	-	139,181	-	-	-	-	139,181	103,480
Environment Canada	129,088	-	-	-	-	-	-	-	129,088	183,636
Parks Canada	-	-	-	-	-	-	-	-	-	80,000
Interior Health Authority	-	41,173	-	-	-	-	-	-	-	49,879
Province of BC	329,472	-	58,512	23,679	-	-	-	-	41,173	411,663
Social Housing Fund	-	-	-	-	-	-	-	-	302,613	655,315
Capital fund	-	-	-	-	-	1,377,856	-	-	1,377,856	340,453
Ottawa Trust fund	-	-	-	-	-	600,000	(578,414)	-	21,586	106,218
Harry Robinson Trust Fund	-	-	-	-	-	-	2,310	-	2,310	90,742
Enterprise Fund	-	-	-	-	-	-	(185,656)	-	(185,656)	2,245
Development Corporation	-	-	-	-	-	24,463	-	-	24,463	63,454
	2,474,850	805,766	720,096	1,448,487	30,916	3,038,461	640,559	302,613	9,461,748	6,256,064

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NOTE 11: SEGMENTED INFORMATION (Continued)

	Band Programs	Health	Social Development	Education	Economic Development	Capital Programs	Other	Social Housing	Total 2014	Total 2013
EXPENSES										
Advertising	653	-	-	-	-	-	-	-	653	629
Amortization	-	-	-	-	-	-	-	-	291,101	256,034
Bad debt	45,315	-	-	-	-	-	-	-	45,315	-
Capital purchases	57,979	-	-	-	29,666	-	-	-	87,645	54,406
Contract services	430,234	61,606	3,152	-	53,031	24,670	3,224,817	-	3,797,510	1,479,519
Debt Servicing	-	-	-	-	-	2,766	-	-	2,766	-
Insurance	21,059	5,000	-	-	1,953	-	-	-	28,012	24,184
Fees, licenses and dues	1,220	-	-	-	55	-	-	-	30,090	1,673
Honoraria	36,839	7,660	-	-	-	-	-	-	44,499	120,834
Management and administration	112,327	65,857	6,824	52,853	-	-	-	-	242,261	153,595
Materials and supplies	77,086	8,494	17,281	45,656	-	-	-	-	148,517	148,436
Office and miscellaneous	22,765	5,033	-	3,702	-	4,052	-	-	35,552	40,190
Professional services	88,172	20,000	-	157,125	-	17,858	-	-	283,155	169,905
Program specific expenditures	89,746	132,878	305,402	380,124	4,400	-	966,731	529,707	2,408,988	1,200,778
Rent	36,338	6,200	103,661	2,268	-	-	-	-	148,467	139,716
Repairs and maintenance	70,293	15,476	-	16,014	-	37,648	-	-	139,431	72,211
Salaries and benefits	879,474	424,481	166,195	638,188	-	-	-	-	2,108,338	1,911,613
Travel	46,349	31,426	10,203	41,904	369	-	-	-	130,251	149,483
Utilities	57,457	8,640	84,870	20,165	-	-	-	-	171,132	163,033
	2,073,306	792,751	697,588	1,442,704	29,439	3,320,356	1,148,883	638,656	10,143,683	6,086,239
	401,544	13,015	22,508	5,783	1,477	(281,895)	(508,324)	(336,043)	(681,935)	169,825