

LOWER SIMILKAMEEN INDIAN BAND

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

LOWER SIMILKAMEEN INDIAN BAND

CONSOLIDATED FINANCIAL STATEMENTS **MARCH 31, 2015**

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LOWER SIMILKAMEEN INDIAN BAND

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MARCH 31, 2015

The accompanying consolidated financial statements of Lower Similkameen Indian Band and all the information in this annual report for the year ended March 31, 2015 are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

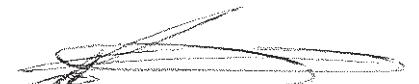
The Lower Similkameen Indian Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nation's assets 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 consolidated financial statements.

The Council reviews the First Nation's financial statements and recommends their approval. 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 annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by Reid Hurst Nagy Inc. in accordance with Canadian generally accepted auditing standards on behalf of their members. Reid Hurst Nagy Inc. has full access to Chief and Council. Reid Hurst Nagy Inc. have full and free access to the Council and books and records for information purposes.

Chief


John Mann

Band Manager

Date


July 28/15

Date


July 27/15

Independent Auditors' Report

To the Members of
Lower Similkameen Indian Band

We have audited the accompanying consolidated financial statements of Lower Similkameen Indian Band, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated surplus, change in net financial assets (debt), and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated 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 First Nation's internal control. 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 consolidated 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, 2015, and the results of its operations, the changes in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

KELOWNA, B.C.
JULY 27, 2015

LOWER SIMILKAMEEN INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 2,612,357	\$ 742,116
Restricted cash (Note 6)	464,004	974,170
Accounts receivable (Note 7)	463,928	939,644
Loans receivable	5,119	2,689
Rents receivables	122,040	135,750
Temporary investments	543,352	721,382
<u>Long-term investments (Note 8)</u>	<u>1,444,872</u>	<u>768,491</u>
	<u>5,655,672</u>	<u>4,284,242</u>
LIABILITIES		
Accounts payable (Note 11)	1,288,745	964,728
Deferred revenue (Note 12)	233,000	183,000
Due to related parties	14,353	15,755
<u>Long-term debt (Note 13)</u>	<u>6,180,487</u>	<u>2,726,359</u>
	<u>7,716,585</u>	<u>3,889,842</u>
NET FINANCIAL ASSETS (DEBT)	(2,060,913)	394,400
NON-FINANCIAL ASSETS		
Capital assets (Note 10)	13,101,422	5,188,423
Prepaid expenses	43,396	48,209
	<u>13,144,818</u>	<u>5,236,632</u>
ACCUMULATED SURPLUS (Note 3)	\$ 11,083,905	\$ 5,631,032
MEMBERS' EQUITY		
Equity in Unrestricted	\$ 2,440,540	\$ 2,169,823
Equity in Restricted	8,643,365	3,461,209
ACCUMULATED SURPLUS	\$ 11,083,905	\$ 5,631,032

APPROVED ON BEHALF OF THE LOWER SIMILKAMEEN INDIAN BAND

 , Chief

 , Band Manager

LOWER SIMILKAMEEN INDIAN BAND

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT) FOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget	2015 Actual	2014
ANNUAL SURPLUS (DEFICIT)	\$ 1,057,992	\$ 5,452,873	\$ (681,935)
Acquisition of tangible capital assets	-	(8,188,901)	(1,340,323)
Amortization of tangible capital assets	-	275,902	291,101
Disposition of tangible capital assets	-	-	361,487
	-	(7,912,999)	(687,735)
Acquisition of prepaid asset	4,813	(43,396)	(48,209)
Use of prepaid asset	-	48,209	44,095
	4,813	4,813	(4,114)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS (DEBT)	1,062,805	(2,455,313)	(1,373,784)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	-	394,400	1,768,184
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ -	\$ (2,060,913)	\$ 394,400

The accompanying notes are an integral part of the financial statements

LOWER SIMILKAMEEN INDIAN BAND

CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget	2015 Actual	2014 Actual
REVENUE			
Aboriginal Affairs and Northern Development Canada	\$ 2,081,035	\$ 2,143,824	\$ 2,314,268
Administration fee	185,000	214,473	283,387
Canada Mortgage and Housing Corporation	-	151,494	91,918
Environment Canada	66,390	108,873	129,088
First Nations Education Steering Committee	39,000	96,756	74,060
First Nations Health Authority	846,026	940,756	837,658
Forestry	671,000	671,398	663,944
Fortis BC	56,741	37,792	55,866
Health Canada	1,358,671	1,122,650	1,200,000
Interest	5,000	39,570	41,504
Okanagan Training and Development Council	100,000	82,875	115,803
Other	445,617	446,007	678,684
Property tax assessed	-	249,438	239,607
Province of British Columbia	158,512	143,787	328,878
Referrals	-	40,415	20,917
Rental	66,154	283,613	214,934
Share of income (loss) from First Nation controlled entities	-	676,381	(238,493)
	6,079,146	7,450,102	7,052,023
EXPENSES			
Band Programs	1,661,574	1,814,457	2,073,306
Health Programs	788,957	912,487	792,751
Social Development	651,099	623,487	697,588
Education Programs	1,279,495	1,003,124	1,404,350
Economic Development Programs	22,809	23,067	29,439
Capital Programs	3,599,309	5,446,056	3,320,355
Social Housing	-	317,168	665,350
Capital Fund	-	162,110	179,574
Enterprise Fund	-	28,074	25,281
	8,003,243	10,330,030	9,187,994
ANNUAL DEFICIT BEFORE OTHER	(1,293,943)	(2,879,926)	(2,135,971)
OTHER			
Acquisition of tangible capital assets	-	8,188,901	1,340,323
Proceeds from long-term debt	2,351,935	-	-
Principal reduction of long-term debt	-	143,898	113,713
	2,351,935	8,332,799	1,454,036
ANNUAL SURPLUS (DEFICIT)	1,057,992	5,452,873	(681,935)
FUND BALANCE, BEGINNING OF YEAR	-	5,631,032	6,312,967
FUND BALANCE, END OF YEAR	\$ 1,057,992	\$ 11,083,905	\$ 5,631,032

The accompanying notes are an integral part of the financial statements

LOWER SIMILKAMEEN INDIAN BAND

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
OPERATING ACTIVITIES		
ANNUAL SURPLUS (DEFICIT)	\$ 5,452,873	\$ (681,935)
Amortization of tangible capital assets	275,901	291,101
Share of income (loss) of First Nation Controlled entities	(676,381)	238,493
	5,052,393	(152,341)
Change in non-cash items on statement of financial position	1,042,455	(25,999)
	6,094,848	(178,340)
FINANCING ACTIVITIES		
Repayment of long-term debt	(143,898)	(113,712)
Proceeds from long-term debt	3,598,026	891,191
	3,454,128	777,479
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(8,188,901)	(1,340,323)
Disposition of tangible capital assets	-	361,487
	(8,188,901)	(978,836)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,360,075	(379,697)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,716,286	2,095,983
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,076,361	\$ 1,716,286
REPRESENTED BY		
Cash and cash equivalents	\$ 2,612,357	\$ 742,116
Restricted cash	464,004	974,170
	\$ 3,076,361	\$ 1,716,286

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of CPA Canada.

(a) Reporting Entity

The Lower Similkameen Indian Band reporting entity includes the Lower Similkameen Indian Band government and all related entities that are controlled by the First Nation.

(b) Fund Accounting

The Lower Similkameen Indian Band maintains the following funds and reserves as part of its operations:

- 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 not included in other funds, together with their related activities.
- The Trust Fund which reports on the trust funds of the First Nation and held by third parties.
- The Social Housing Fund which reports on the social housing assets of the First Nation together with their related activities.
- The Enterprise Fund which reports the First Nation's investment in self-supporting commercial entities.

(c) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Statements on a modified equity basis. Inter-organizational balances are 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.

Under the modified equity method of accounting, only Lower Similkameen Indian Band's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Lower Similkameen Indian Band.

Organizations consolidated in Lower Similkameen Indian Band's financial statements include:

1. Lower Similkameen Indian Band Operating Fund
2. Similkameen Chopaka Social Housing Society (Social Housing Fund)
3. Lower Similkameen Indian Band Capital Fund
4. Lower Similkameen Indian Band Trust Fund
5. Lower Similkameen Indian Band Enterprise Fund
6. Lower Similkameen Development Corporation

Organizations accounted for on a modified equity basis include:

7. 0783309 B.C. Ltd.
8. Lower Similkameen Community Forests Ltd.
9. Lower Similkameen Community Forests Limited Partnership
10. Lower Similkameen Holdings Ltd.
11. Lower Similkameen Holdings Limited Partnership
12. Skulqalt Forestry Ltd.
13. Skulqalt Forestry Limited Partnership

(d) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

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

(e) Revenue Recognition

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

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

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

(f) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible assets, prepaid expenses and inventory of supplies.

(g) Budget

The budget reported in the financial statements was provided by management and is unaudited.

(h) Internal charges and transfers

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees."

(i) Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

(j) 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 disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(k) Cash and Cash Equivalents

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

(l) Temporary Investments

Temporary investments consist of term deposits or GICs with maturity of dates of greater than three months. Investments are reported at cost plus accrued interest.

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

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

(m) Long-term Debt

Proceeds from long-term debt are recorded as program revenue. Payments of principal and interest are treated as program expenditures. Long-term debt is recorded as a liability on the balance sheet. Reductions of long-term debt are offset with an increase to Equity in Tangible Capital Assets.

(n) Tangible Capital Assets

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

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

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

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

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

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

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

(o) Replacement Reserve

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

(p) Surplus Recoveries and Deficit Funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

2. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period.

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

3. ACCUMULATED SURPLUS

	2015	2014
Restricted		
Social Housing	\$ 899,834	\$ 852,054
Capital Fund	6,369,014	1,907,563
Enterprise Fund	1,374,517	701,592
	<hr/> 8,643,365	<hr/> 3,461,209
Unrestricted		
Operating Fund	2,435,496	1,425,537
Trust Funds	5,044	744,286
	<hr/> 2,440,540	<hr/> 2,169,823
	<hr/> <hr/> \$ 11,083,905	<hr/> <hr/> \$ 5,631,032

4. CHANGES IN ACCOUNTING POLICIES

Liability for Contaminated Site:

Effective April 1, 2014 the First Nation adopted new Public Sector Accounting Handbook Standard PS 3260, Liability for Contaminated Sites. The standard requires the recognition of a liability for the remediation of contamination sites in the financial statements when the recognition criteria outlined in the standard is met. This change in accounting policy has been applied prospectively. There was no impact on adoption of this standard to the financial statements of the First Nation as no sites meeting the criteria were recognized by the First Nation.

5. ECONOMIC DEPENDENCE

Lower Similkameen Indian Band receives a significant portion of its revenue pursuant to an agreement referred to as "The Comprehensive Funding Arrangement". This agreement has been entered into by the First Nation and Aboriginal Affairs and Northern Development Canada. It is expected that the agreement will be renewed on an annual basis.

The First Nation also receives major funding pursuant to an arrangement with the First Nations Health Authority and under which certain surpluses and deficits may be offset, but with the net balance repayable or refundable as the case may be.

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

6. RESTRICTED CASH

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 bank account with any interest earned to be credited as revenue to the Replacement Reserve Fund.

As at the year end date, the Fund is underfunded by \$131,120 (2014 - \$104,707).

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 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 year end date, the Fund is underfunded by \$13,183 (2014 - \$18,863).

Ottawa Trust Funds:

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	2015	2014
Replacement Reserve Fund - restricted cash	\$ 328,486	\$ 306,523
Operating Reserve Fund - restricted cash	130,474	110,446
Ottawa Trust Funds - restricted cash	5,045	557,201
	\$ 464,005	\$ 974,170

7. ACCOUNTS RECEIVABLE

	2015	2014
Accounts receivable	\$ 305,877	\$ 357,600
Aboriginal Affairs and Northern Development Canada	40,615	235,937
Canada Mortgage and Housing Corporation	55,845	-
Health Canada	76,540	335,454
Member loan	153,652	155,982
	632,529	1,084,973
Allowance for doubtful accounts	(168,601)	(145,329)
	\$ 463,928	\$ 939,644

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

8. LONG-TERM INVESTMENTS

	2015	2014
Investments not subject to control		
Shares in All Nations Trust Company - held at cost	\$ 41,852	\$ 41,852
	41,852	41,852
Investment in 0783309 B.C. Ltd.		
Share capital	1	1
Accumulated earnings (deficit)	(1,565)	-
	(1,564)	1
Investment in Lower Similkameen Community Forests Limited Partnership		
Accumulated earnings (deficit)	16,791	22,558
	16,791	22,558
Investment in Lower Similkameen Community Forests Ltd.		
Share capital	20	20
Accumulated earnings (deficit)	(2,082)	(2,062)
	(2,062)	(2,042)
Investment in Lower Similkameen Holdings Limited Partnership		
Accumulated earnings (deficit)	1,393,373	709,639
	1,393,373	709,639
Investment in Lower Similkameen Holdings Ltd.		
Share capital	(135)	1
Accumulated earnings (deficit)	(2,363)	(2,431)
	(2,498)	(2,430)
Investment in Skulqalt Forestry Ltd.		
Share capital	1	1
Accumulated earnings (deficit)	(1,020)	(1,088)
	(1,019)	(1,087)
	<hr/> \$ 1,444,872	<hr/> \$ 768,491

9. FIRST NATION CONTROLLED ENTITIES

Commercial enterprises are those organizations that meet the definition of government business enterprises as described by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

Following is the condensed financial results for the First Nation controlled entities as noted below.

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

9. FIRST NATION CONTROLLED ENTITIES, continued

	0783309 B.C. Ltd	Lower Similkameen Community Forests Limited Partnership	Lower Similkameen Community Forests Ltd.	Lower Similkameen Holdings Limited Partnership	Lower Similkameen Holdings Ltd.	Skulqalt Forestry Ltd.
Cash	\$ -	\$ 223,001	\$ -	\$ 152,318	\$ -	\$ -
Accounts receivable			80			
Inventory	-	98,725	-	-	-	-
Tangible capital assets	-	45,111	-	-	-	-
Other assets	-	16,337	-	1,243,048	178	180
Total assets	\$ -	\$ 383,174	\$ 80	\$ 1,395,366	\$ 178	\$ 180
Accounts payable	\$ 1,564	\$ 63,338	\$ 8,249	\$ 1,200	\$ 2,539	\$ 1,199
Other liabilities	-	259,419	-	-	-	-
Total liabilities	1,564	322,757	8,249	1,200	2,539	1,199
Equity	(1,564)	60,417	(8,169)	1,394,166	(2,361)	(1,019)
Total liabilities and equity	\$ -	\$ 383,174	\$ 80	\$ 1,395,366	\$ 178	\$ 180
	0783309 B.C. Ltd	Lower Similkameen Community Forests Limited Partnership	Lower Similkameen Community Forests Ltd.	Lower Similkameen Holdings Limited Partnership	Lower Similkameen Holdings Ltd.	Skulqalt Forestry Ltd.
Revenue	\$ -	\$ 175,428	\$ (2)	\$ 684,416	\$ 68	\$ 68
Expenses	1,565	198,494	-	-	-	-
Net income (loss)	\$ (1,565)	\$ (23,066)	\$ (2)	\$ 684,416	\$ 68	\$ 68

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

10. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization			2015 net book value	
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year		
Land	\$ 161,475	\$ -	\$ 161,475	\$ -	\$ -	\$ -	\$ 161,475	
Automotive equipment	281,488	56,098	337,586	193,853	35,032	228,885	108,701	
Computer equipment	252,171	-	252,171	217,483	16,985	234,468	17,703	
Campground	165,109	-	165,109	132,086	8,256	140,342	24,767	
Equipment	809,115	-	809,115	777,581	15,149	792,730	16,385	
Leasehold improvements	186,371	-	186,371	156,742	3,027	159,769	26,602	
Roads	957,617	-	957,617	478,973	12,656	491,629	465,988	
Buildings	6,634,163	6,676,168	13,310,331	2,602,595	175,013	2,777,608	10,532,723	
Infrastructure	591,826	1,456,635	2,048,461	291,599	9,784	301,383	1,747,078	
	\$ 10,039,335	\$ 8,188,901	\$ 18,228,236	\$ 4,850,912	\$ 275,902	\$ 5,126,814	\$ 13,101,422	
	Cost			Accumulated amortization			2014 Net book value	
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year		
Land	\$ 145,861	\$ 15,614	\$ 161,475	\$ -	\$ -	\$ -	\$ 161,475	
Automotive equipment	239,122	42,366	281,488	168,207	25,646	193,853	87,635	
Computer equipment	229,285	22,886	252,171	185,324	32,159	217,483	34,688	
Campground	165,109	-	165,109	123,831	8,255	132,086	33,023	
Equipment	809,115	-	809,115	750,901	26,680	777,581	31,534	
Leasehold improvements	186,371	-	186,371	153,715	3,027	156,742	29,629	
Roads	957,617	-	957,617	466,317	12,656	478,973	478,644	
Buildings	5,845,318	788,845	6,634,163	2,538,825	63,770	2,602,595	4,031,568	
Infrastructure	591,826	-	591,826	281,815	9,784	291,599	300,227	
	\$ 9,169,624	\$ 869,711	\$ 10,039,335	\$ 4,668,935	\$ 181,977	\$ 4,850,912	\$ 5,188,423	

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

11. ACCOUNTS PAYABLE

	2015	2014
Trade payables	\$ 648,558	\$ 348,329
Holdback payable	556,668	556,668
Payroll payable	47,940	37,979
Vacation pay payable	35,579	21,752
	\$ 1,288,745	\$ 964,728

12. DEFERRED REVENUE

	March 31, 2014	Funding received, 2015	March 31, 2015
Federal government			
Employment and Social Development Canada	\$ -	\$ 25,000	\$ 25,000
Other			
Fortis settlement	183,000	-	183,000
Prevention projects	-	13,000	13,000
Education jurisdiction	-	12,000	12,000
	183,000	25,000	208,000
	\$ 183,000	\$ 50,000	\$ 233,000

13. LONG-TERM DEBT

	2015	2014
Bank of Montreal construction loan payable on demand. Interest calculated at prime plus 0.50% per annum. Secured by a general charge against operations.	\$ 105,943	\$ -
Bank of Montreal construction loan payable on demand. Interest calculated at prime plus 0.50% per annum. Secured by a general charge against operations.	3,783,274	891,191
Bank of Montreal construction loan payable on demand. Scheduled monthly payments of \$3,005 with interest at prime plus 0.50% per annum. Secured by a general charge against operations.	594,706	-
All Nations Trust Company loan, payment of \$568 per month including interest at 5.24% per annum, with no set maturity date, secured by a Ministerial Loan Guarantee from Aboriginal Affairs and Northern Development Canada.	61,375	64,601
All Nations Trust Company loan, payment of \$262 per month including interest at 5.85% per annum, with no set maturity date, secured by a Ministerial Loan Guarantee from Aboriginal Affairs and Northern Development Canada.	-	24,165

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

13. LONG-TERM DEBT, continued

	2015 \$	2014 \$
All Nations Trust Company loan, payment of \$917 per month including interest at 1.97% per annum, maturing May 1, 2019, secured by a Ministerial Loan Guarantee from Aboriginal Affairs and Northern Development Canada.	44,002	53,922
All Nations Trust Company loan, payment of \$1876 per month including interest at 1.62% per annum, maturing January 1, 2023, secured by a Ministerial Loan Guarantee from Aboriginal Affairs and Northern Development Canada.	165,522	185,185
All Nations Trust Company loan, payment of \$2,447 per month including interest at 1.12% per annum, maturing December 1, 2024, secured by a Ministerial Loan Guarantee from Aboriginal Affairs and Northern Development Canada.	271,145	295,370
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 Loan Guarantee from Aboriginal Affairs and Northern Development Canada.	160,464	180,046
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 Loan Guarantee from Aboriginal Affairs and Northern Development Canada.	<u>994,056</u>	<u>1,031,879</u>
Callable portion	6,180,487	2,726,359
Current portion	<u>4,483,923</u>	<u>891,191</u>
	<u>115,000</u>	<u>116,071</u>
	<hr/> <u>\$ 1,581,564</u>	<hr/> <u>\$ 1,719,097</u>

Principal portion of long-term debt due within the next five years:

2016	\$ 115,000
2017	116,800
2018	118,500
2019	120,500
2020 and thereafter	<u>5,709,687</u>
	<hr/> <u>\$ 6,180,487</u>

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **MARCH 31, 2015**

14. SEGMENTED INFORMATION

As previously discussed in note 1 (d) the First Nation conducts its business through reportable segments as follows:

The Band Programs department is responsible for administering projects the First Nation 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.

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

14. SEGMENTED INFORMATION, continued

	Band Programs		Health Programs		Social Development				
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
Revenues									
Aboriginal Affairs and Northern Development Canada	\$ 538,248	\$ 648,858	\$ 538,334	-	\$ 770,568	\$ 853,973	\$ 755,458	-	-
First Nations Health Authority	(6,742)	-	-	-	-	-	-	-	-
Forestry	671,000	671,398	663,944	-	-	-	-	-	-
Health Canada	-	-	-	-	25,000	-	-	-	-
Property tax assessed	-	249,438	239,607	-	-	-	-	-	-
Province of British Columbia	100,000	60,275	205,514	-	25,000	41,173	58,512	58,512	58,512
Rental	66,154	121,924	48,731	-	-	-	-	-	-
Other revenue	531,872	674,711	778,720	24,996	98,032	9,135	-	-	32,643
Total revenue	1,900,532	2,426,604	2,474,850	795,564	1,002,005	805,766	644,289	688,827	720,096
Expenses									
Insurance	11,750	14,066	21,059	5,000	5,000	5,000	-	-	-
Loan payments	-	3,005	-	-	-	-	-	-	-
Materials and supplies	52,750	87,093	77,127	19,219	15,878	8,494	19,400	9,249	17,281
Professional fees	68,154	42,252	88,172	20,000	23,833	20,000	-	-	-
Repairs and maintenance	22,250	25,261	68,893	10,000	12,588	15,476	-	-	-
Travel	29,706	34,209	28,027	30,400	20,326	30,986	9,500	7,798	10,203
Wages and benefits	735,195	764,866	881,028	403,036	447,427	424,481	136,872	134,465	166,195
Other expenses	741,769	843,705	908,999	301,302	387,434	288,314	485,327	471,975	503,909
Total expenses	1,661,574	1,814,457	2,073,305	788,957	912,486	792,751	651,099	623,487	697,588
Annual surplus (deficit)	\$ 238,958	\$ 612,147	\$ 401,548	\$ 6,607	\$ 89,519	\$ 13,013	(6,810)	\$ 65,340	\$ 22,507

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

14. SEGMENTED INFORMATION, continued

	Education Programs			Economic Development Programs			Capital Programs		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
Revenues									
Aboriginal Affairs and Northern Development Canada	\$ 734,201	\$ 667,992	\$ 777,557	\$ 22,809	\$ 22,809	\$ 22,166	\$ 200,000	\$ 173,850	\$ 347,270
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	59,995	-
First Nations Health Authority	82,200	86,783	82,200	-	-	-	-	-	-
Health Canada	-	-	-	-	-	-	1,358,671	1,097,650	1,200,000
Province of British Columbia	-	23,679	-	-	-	-	-	-	-
Other revenue	340,880	253,687	526,696	-	-	8,750	-	9,500	-
Total revenue	1,157,281	1,008,462	1,410,132	22,809	22,809	30,916	1,558,671	1,340,995	1,547,270
Expenses									
Insurance	4,500	4,060	2,008	-	-	-	-	-	-
Materials and supplies	27,412	34,261	45,656	-	-	-	-	500	-
Professional fees	5,000	-	157,125	-	-	-	104,374	369,435	353,377
Repairs and maintenance	47,880	21,451	16,014	-	-	-	-	-	-
Travel	23,090	11,834	29,083	-	3,351	369	-	-	-
Wages and benefits	621,943	531,921	622,890	-	-	-	-	-	-
Other expenses	549,670	399,597	531,574	22,809	19,716	29,070	3,494,935	5,076,121	2,966,979
Total expenses	1,279,495	1,003,124	1,404,350	22,809	23,067	29,439	3,599,309	5,446,056	3,320,356
Other income	(122,214)	5,338	5,782	-	(258)	1,477	(2,040,638)	(4,105,061)	(1,773,085)
Annual surplus (deficit)	\$ (122,214)\$	5,338 \$	5,782 \$	- \$	(258)\$	1,477 \$	311,297 \$	237,873 \$	(281,894)

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

14. SEGMENTED INFORMATION, continued

	Social Housing			Capital Fund			Trust Funds		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
Revenues									
Canada Mortgage and Housing Corporation	\$ -	\$ 91,499	\$ 91,918	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rental	-	137,290	141,804	-	-	-	-	-	-
Other revenue	-	24,947	19,404	-	-	-	-	5,665	23,896
Total revenue	-	253,736	253,126	-	-	-	-	5,665	23,896
Expenses									
Amortization	-	111,212	108,949	-	162,109	179,574	-	-	-
Insurance	-	15,124	12,028	-	-	-	-	-	-
Loan payments	-	141,077	141,674	-	-	-	-	-	-
Professional fees	-	7,125	7,125	-	-	-	-	-	-
Repairs and maintenance	-	25,706	15,153	-	-	-	-	-	-
Other expenses	-	16,924	380,421	-	1	-	-	-	-
Total expenses	-	317,168	665,350	-	162,110	179,574	-	-	-
Other income	-	(63,432)	(412,224)	-	(162,110)	(179,574)	-	5,665	23,896
Annual surplus (deficit)	\$ -	\$ 47,780	\$ (336,044)	-	\$ 4,461,451	\$ 307,091	-	\$ (739,242)	\$ (576,104)

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

14. SEGMENTED INFORMATION, continued

	Enterprise Fund			Consolidated totals		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
Revenues						
Aboriginal Affairs and Northern Development Canada	\$ -	\$ -	\$ -	\$ 2,081,035	\$ 2,143,824	\$ 2,314,268
Canada Mortgage and Housing Corporation	-	-	-	-	151,494	91,918
First Nations Health Authority	-	-	-	846,026	940,756	837,658
Forestry	-	-	-	671,000	671,398	663,944
Health Canada	-	-	-	1,358,671	1,122,650	1,200,000
Property tax assessed	-	-	-	-	249,438	239,607
Province of British Columbia	-	-	-	158,512	143,787	328,878
Rental	-	24,400	24,400	66,154	283,614	214,935
Other revenue	-	676,599	(238,429)	897,748	1,743,141	1,160,815
Total revenue	-	700,999	(214,029)	6,079,146	7,450,102	7,052,023
Expenses						
Amortization	-	2,579	2,579	-	275,900	291,102
Insurance	-	2,065	2,361	21,250	40,315	42,456
Loan payments	-	-	-	-	144,082	141,674
Materials and supplies	-	-	-	118,781	146,981	148,558
Professional fees	-	2,400	2,405	197,528	445,045	628,204
Repairs and maintenance	-	-	-	80,130	85,006	115,536
Travel	-	-	-	92,696	77,518	98,668
Wages and benefits	-	-	-	1,897,046	1,878,679	2,094,594
Other expenses	-	21,030	17,938	5,595,812	7,236,503	5,627,204
Total expenses	-	28,074	25,283	8,003,243	10,330,029	9,187,996
Other income	-	672,925	(239,312)	(1,924,097)	(2,879,927)	(2,135,972)
Annual surplus (deficit)	\$ -	\$ 672,925	\$ (239,312)	\$ 427,838	\$ 5,452,873	\$ (681,935)

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

15. CONTINGENT LIABILITIES

a) Aboriginal Affairs and Northern Development Canada

Under the terms of the contribution agreements with Aboriginal Affairs and Northern Development Canada and other governmental departments, certain surpluses may be repayable to the government and certain deficits may be reimbursable to the First Nation.

b) Loan Guarantee

A Government of Canada Ministerial Guarantee has been obtained for loans to certain band members. If these loans default, the Minister may recover the outstanding amounts from the First Nation. The First Nation has guaranteed loans totaling \$269,027.