

# **LOWER SIMILKAMEEN INDIAN BAND**

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**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

# LOWER SIMILKAMEEN INDIAN BAND

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## CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

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# LOWER SIMILKAMEEN INDIAN BAND

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MARCH 31, 2016

The accompanying consolidated financial statements of Lower Similkameen Indian Band and all the information in this annual report for the year ended March 31, 2016 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 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 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

  
\_\_\_\_\_  
Band Manager

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Date

## 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, 2016, and the consolidated statements of operations and accumulated surplus, change in net 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, 2016, and the results of its operations, the changes in its net 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

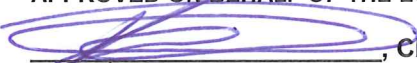

KELOWNA, B.C.  
JULY 22, 2016

# LOWER SIMILKAMEEN INDIAN BAND

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2016

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 1,354,578	\$ 2,612,357
Restricted cash (Note 5)	501,258	464,004
Accounts receivable (Note 6)	238,275	463,928
Loans receivable	2,913	5,119
Rents receivables	112,672	122,040
Temporary investments	1,551,673	543,352
Long-term investments (Note 7)	1,821,961	1,444,872
	<b>5,583,330</b>	<b>5,655,672</b>
<b>LIABILITIES</b>		
Accounts payable (Note 10)	644,307	1,288,745
Deferred revenue (Note 11)	183,000	233,000
Due to related parties	19,479	14,353
Long-term debt (Note 12)	6,197,474	6,180,487
	<b>7,044,260</b>	<b>7,716,585</b>
<b>NET DEBT</b>	<b>(1,460,930)</b>	<b>(2,060,913)</b>
<b>NON-FINANCIAL ASSETS</b>		
Capital assets (Note 9)	13,027,772	13,101,422
Prepaid expenses	21,420	43,396
	<b>13,049,192</b>	<b>13,144,818</b>
<b>ACCUMULATED SURPLUS (Note 3)</b>	<b>\$ 11,588,262</b>	<b>\$ 11,083,905</b>
<b>MEMBERS' EQUITY</b>		
Equity in Unrestricted	\$ 2,648,829	\$ 2,440,540
Equity in Restricted	8,939,433	8,643,365
<b>ACCUMULATED SURPLUS</b>	<b>\$ 11,588,262</b>	<b>\$ 11,083,905</b>

APPROVED ON BEHALF OF THE LOWER SIMILKAMEEN INDIAN BAND

 , Chief  
 , Band Manager

# LOWER SIMILKAMEEN INDIAN BAND

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT FOR THE YEAR ENDED MARCH 31, 2016

	2016 Budget	2016 Actual	2015
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (156,619)	\$ 504,357	\$ 5,452,873
Acquisition of tangible capital assets	-	(309,787)	(8,188,901)
Amortization of tangible capital assets	-	383,437	275,902
	-	73,650	(7,912,999)
Acquisition of prepaid asset	-	(21,420)	(43,396)
Use of prepaid asset	-	43,396	48,209
	-	21,976	4,813
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS (DEBT)</b>	(156,619)	599,983	(2,455,313)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	-	(2,060,913)	394,400
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	\$ -	\$ (1,460,930)	\$ (2,060,913)

# LOWER SIMILKAMEEN INDIAN BAND

## CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2016

	2016 Budget	2016 Actual	2015 Actual
<b>REVENUE</b>			
Indigenous and Northern Affairs Canada	\$ 1,855,970	\$ 1,889,651	\$ 2,143,824
Administration fee	317,173	304,489	214,473
Canada Mortgage and Housing Corporation	-	89,550	151,494
Environment Canada	227,000	217,807	108,873
First Nations Education Steering Committee	58,442	72,020	96,756
First Nations Health Authority	965,128	981,668	940,756
Forestry	250,936	286,604	671,398
Fortis BC	36,000	36,000	73,792
Health Canada	-	110	1,122,650
Interest	5,000	28,737	39,570
Okanagan Training and Development Council	100,000	71,286	82,875
Other	607,432	523,602	410,007
Property tax assessed	249,231	251,961	249,438
Province of British Columbia	308,512	378,358	143,787
Referrals	143,000	105,436	40,415
Rental	118,920	238,484	283,613
Share of income (loss) from First Nation controlled entities	-	546,619	676,381
	5,242,744	6,022,382	7,450,102
<b>EXPENSES</b>			
Administration Programs	932,108	887,270	635,915
Health Programs	941,965	1,015,539	1,009,236
Social Development	663,031	623,941	623,487
Education Programs	1,038,232	872,072	900,141
Natural Resources Programs	730,633	626,253	550,969
Capital Programs	-	358,096	5,446,056
Public Works Programs	830,508	837,397	362,756
Chief and Council Programs	247,550	241,918	294,115
Social Housing Fund	-	328,317	317,168
Capital Fund	-	265,895	162,110
Enterprise Fund	-	20,851	28,074
	5,384,027	6,077,549	10,330,027
<b>ANNUAL DEFICIT BEFORE OTHER</b>	(156,619)	(55,167)	(2,879,926)
<b>OTHER</b>			
Acquisition of tangible capital assets	-	309,788	8,188,901
Principal reduction of long-term debt	-	249,736	143,898
	-	559,524	8,332,799
<b>ANNUAL SURPLUS (DEFICIT)</b>	(156,619)	504,357	5,452,873
<b>FUND BALANCE, BEGINNING OF YEAR</b>	-	11,083,905	5,631,032
<b>FUND BALANCE, END OF YEAR</b>	\$ -	\$ 11,588,262	\$ 11,083,905

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, 2016

	2016	2015
<b>OPERATING ACTIVITIES</b>		
ANNUAL SURPLUS	\$ 504,357	\$ 5,452,873
Amortization of tangible capital assets	383,437	275,901
Share of income (loss) of First Nation Controlled entities	(546,619)	(676,381)
Profit distribution from First Nation Controlled entities	169,530	-
	510,705	5,052,393
Change in non-cash items on statement of financial position	(1,438,433)	1,042,455
	(927,728)	6,094,848
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(249,736)	(143,898)
Proceeds from long-term debt	266,726	3,598,026
	16,990	3,454,128
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(309,787)	(8,188,901)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,220,525)</b>	<b>1,360,075</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>3,076,361</b>	<b>1,716,286</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,855,836</b>	<b>\$ 3,076,361</b>
<b>REPRESENTED BY</b>		
Cash and cash equivalents	\$ 1,354,578	\$ 2,612,357
Restricted cash	501,258	464,004
	\$ 1,855,836	\$ 3,076,361



# LOWER SIMILKAMEEN INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 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

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 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

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 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, 2016

### 3. ACCUMULATED SURPLUS

	2016	2015
Restricted		
Social Housing Fund	\$ 927,954	\$ 899,834
Capital Fund	6,280,953	6,369,014
Enterprise Fund	1,730,526	1,374,517
	<b>8,939,433</b>	<b>8,643,365</b>
Unrestricted		
Operating Fund	2,642,502	2,435,496
Trust Funds	6,327	5,044
	<b>2,648,829</b>	<b>2,440,540</b>
	<b>\$ 11,588,262</b>	<b>\$ 11,083,905</b>

### 4. 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 Indigenous and Northern Affairs 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, 2016

### 5. 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 \$31,443 (2015 - \$30,629).

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 \$9,118 (2015 - \$13,183).

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.

	2016	2015
Replacement Reserve Fund - restricted cash	\$ 301,218	\$ 328,485
Operating Reserve Fund - restricted cash	193,713	130,474
Ottawa Trust Funds - restricted cash	6,327	5,045
	<b>\$ 501,258</b>	<b>\$ 464,004</b>

### 6. ACCOUNTS RECEIVABLE

	2016	2015
Accounts receivable - general	\$ 295,512	\$ 305,877
Indigenous and Northern Affairs Canada	-	40,615
Canada Mortgage and Housing Corporation	32,209	55,845
Health Canada	-	76,540
Member loans	119,650	153,652
	<b>447,371</b>	<b>632,529</b>
Allowance for doubtful accounts	<b>(209,096)</b>	<b>(168,601)</b>
	<b>\$ 238,275</b>	<b>\$ 463,928</b>

# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 7. LONG-TERM INVESTMENTS

	2016	2015
Investments not subject to control		
Shares in All Nations Trust Company - held at cost	\$ 41,852	\$ 41,852
Investment in Lower Similkameen Community Forests Limited Partnership	19,413	16,791
Investment in Lower Similkameen Community Forests Limited	(3,043)	(2,062)
	58,222	56,581
Investment in 0783309 B.C. Ltd.		
Share capital	1	1
Accumulated earnings (deficit)	-	(1,565)
	1	(1,564)
Investment in Lower Similkameen Holdings Limited Partnership		
Accumulated earnings (deficit)	1,767,010	1,393,373
	1,767,010	1,393,373
Investment in Lower Similkameen Holdings Ltd.		
Share capital	1	1
Accumulated earnings (deficit)	(2,309)	(2,499)
	(2,308)	(2,498)
Investment in Skulqalt Forestry Ltd.		
Share capital	1	1
Accumulated earnings (deficit)	(965)	(1,020)
	(964)	(1,019)
	\$ 1,821,961	\$ 1,444,872

### 8. 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 CPA Canada. 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, 2016

### 8. FIRST NATION CONTROLLED ENTITIES, continued

	0783309 B.C. Ltd	Lower Similkameen Holdings Limited Partnership	Lower Similkameen Holdings Ltd.	Skulqalt Forestry Ltd.
Cash	\$ -	\$ 153,611	\$ -	\$ -
Other assets	1	1,614,832	232	234
<b>Total assets</b>	<b>\$ 1</b>	<b>\$ 1,768,443</b>	<b>\$ 232</b>	<b>\$ 234</b>
Accounts payable	\$ -	\$ 1,201	\$ 2,539	\$ 1,199
Equity	1	1,767,242	(2,307)	(965)
<b>Total liabilities and equity</b>	<b>\$ 1</b>	<b>\$ 1,768,443</b>	<b>\$ 232</b>	<b>\$ 234</b>

	0783309 B.C. Ltd	Lower Similkameen Holdings Limited Partnership	Lower Similkameen Holdings Ltd.	Skulqalt Forestry Ltd.
Revenue	\$ -	\$ 542,605	\$ 54	\$ 55
Expenses				
Expenses	-	-	-	-
<b>Net income (loss)</b>	<b>\$ -</b>	<b>\$ 542,605</b>	<b>\$ 54</b>	<b>\$ 55</b>

# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 9. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization			
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2016 net book value
Land	\$ 161,475	\$ -	\$ 161,475	\$ -	\$ -	\$ -	\$ 161,475
Automotive equipment	337,586	16,814	354,400	228,885	38,143	267,028	87,372
Computer equipment	252,171	30,034	282,205	234,468	15,427	249,895	32,310
Campground	165,109	-	165,109	140,342	8,256	148,598	16,511
Equipment	809,115	19,479	828,594	792,730	14,954	807,684	20,910
Leasehold improvements	186,371	-	186,371	159,769	3,027	162,796	23,575
Roads	957,617	-	957,617	491,629	12,656	504,285	453,332
Buildings	13,310,331	158,336	13,468,667	2,777,608	281,190	3,058,798	10,409,869
Infrastructure	2,048,461	85,124	2,133,585	301,383	9,784	311,167	1,822,418
	\$ 18,228,236	\$ 309,787	\$ 18,538,023	\$ 5,126,814	\$ 383,437	\$ 5,510,251	\$ 13,027,772

	Cost			Accumulated amortization			
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2015 Net book value
Land	\$ 161,475	\$ -	\$ 161,475	\$ -	\$ -	\$ -	\$ 161,475
Automotive equipment	281,487	56,099	337,586	193,853	35,032	228,885	108,701
Computer equipment	252,171	-	252,171	217,484	16,984	234,468	17,703
Campground	165,109	-	165,109	132,087	8,255	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
	\$ 10,039,334	\$ 8,188,902	\$ 18,228,236	\$ 4,850,914	\$ 275,900	\$ 5,126,814	\$ 13,101,422



# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 10. ACCOUNTS PAYABLE

	2016	2015
Trade payables	\$ 464,776	\$ 648,558
Indigenous and Northern Affairs Canada	66,251	-
Holdback payable	-	556,668
Payroll payable	69,213	47,940
Vacation pay payable	44,067	35,579
	<b>\$ 644,307</b>	<b>\$ 1,288,745</b>

### 11. DEFERRED REVENUE

	March 31, 2015	Revenue recognized, 2016	March 31, 2016
<b>Federal government</b>			
Employment and Social Development Canada	\$ 25,000	\$ (25,000)	\$ -
<b>Other</b>			
Fortis settlement	183,000	-	<b>183,000</b>
Prevention projects	13,000	(13,000)	-
Education jurisdiction	12,000	(12,000)	-
	208,000	(25,000)	<b>183,000</b>
	<b>\$ 233,000</b>	<b>\$ (50,000)</b>	<b>\$ 183,000</b>

### 12. LONG-TERM DEBT

	2016	2015
Bank of Montreal construction loan payable on demand. Interest calculated at prime plus 0.50% per annum. Secured by a general charge against operations.	\$ 43,695	\$ 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.	<b>3,893,340</b>	3,783,274
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.	<b>577,724</b>	594,706
Bank of Montreal loan payable, payment of \$401 per month including interest at prime plus 0.50%. Secured by a general charge against operations.	<b>54,763</b>	-
Bank of Montreal loan payable, payment of \$320 per month including interest at prime plus 0.50%. Secured by a general charge against operations.	<b>49,750</b>	-

# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 12. LONG-TERM DEBT, continued

	2016 \$	2015 \$
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 Indigenous and Northern Affairs Canada.	57,977	61,375
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 Indigenous and Northern Affairs Canada.	33,768	44,002
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 Indigenous and Northern Affairs Canada.	145,545	165,522
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 Indigenous and Northern Affairs Canada.	244,679	271,145
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 Indigenous and Northern Affairs Canada.	140,587	160,464
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 Indigenous and Northern Affairs Canada.	955,646	994,056
	6,197,474	6,180,487
Callable portion	4,514,760	4,483,923
Current portion	125,340	115,000
	\$ 1,557,374	\$ 1,581,564

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

2017	\$ 4,640,100
2018	127,140
2019	129,040
2020	121,608
2021 and thereafter	1,179,586
	\$ 6,197,474

# LOWER SIMILKAMEEN INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 13. 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, 2016

### 13. SEGMENTED INFORMATION, continued

	Administration Programs			Health Programs			Social Development		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
Revenues									
Indigenous and Northern Affairs Canada	\$ 279,302	\$ 284,672	\$ 295,827	\$ 18,000	\$ -	\$ -	\$ 586,773	\$ 534,478	\$ 630,315
First Nations Health Authority	-	-	-	925,482	968,992	928,741	-	-	-
Property tax assessed	249,231	251,961	249,438	-	-	-	-	-	-
Province of British Columbia	-	-	-	-	-	-	58,512	58,980	58,512
Other revenue	524,247	440,218	291,416	151,470	201,134	168,778	-	19,433	-
Total revenue	1,052,780	976,851	836,681	1,094,952	1,170,126	1,097,519	645,285	612,891	688,827
Expenses									
Insurance	10,000	12,427	5,165	5,000	5,678	5,000	-	-	-
Materials and supplies	36,500	40,379	22,846	15,062	21,351	17,118	3,400	1,603	9,249
Professional fees	79,422	35,910	14,815	-	-	20,000	-	-	-
Repairs and maintenance	8,000	11,967	17,473	13,000	9,406	18,370	-	-	-
Travel	11,100	18,474	19,305	29,925	36,502	23,212	9,500	9,195	7,798
Wages and benefits	436,863	340,688	329,971	470,479	486,303	528,630	140,281	138,692	134,465
Other expenses	350,223	427,425	226,343	408,499	456,299	396,904	509,850	474,451	471,974
Total expenses	932,108	887,270	635,918	941,965	1,015,539	1,009,234	663,031	623,941	623,486
Annual surplus (deficit)	\$ 120,672	\$ 89,581	\$ 200,766	\$ 152,987	\$ 154,587	\$ 88,283	\$(17,746)	\$(11,050)	\$ 65,340

# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 13. SEGMENTED INFORMATION, continued

	Education Programs			Natural Resources Programs			Capital Programs		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
Revenues									
Indigenous and Northern Affairs Canada	\$ 697,405	\$ 664,901	\$ 667,992	\$ 136,310	\$ 124,109	\$ 186,730	-	\$ 62,306	\$ 173,850
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	-	59,995
Health Canada	-	-	-	-	-	-	-	110	1,097,650
Province of British Columbia	-	-	-	-	70,341	-	-	-	-
Other revenue	248,042	174,054	232,941	472,362	384,877	250,290	-	-	9,500
Total revenue	945,447	838,955	900,933	608,672	579,327	437,020	-	62,416	1,340,995
Expenses									
Insurance	5,000	8,066	4,060	-	-	-	-	-	-
Materials and supplies	24,850	23,525	33,021	19,500	18,993	26,427	-	4,217	500
Professional fees	-	-	-	27,205	5,175	24,037	-	36,551	369,435
Repairs and maintenance	52,400	41,713	21,451	-	-	-	-	-	-
Travel	12,450	8,324	8,405	14,948	8,740	8,462	-	-	-
Wages and benefits	497,233	412,342	450,719	306,581	256,459	228,944	-	-	-
Other expenses	446,299	378,102	382,485	362,399	336,886	263,099	-	317,328	5,076,122
Total expenses	1,038,232	872,072	900,141	730,633	626,253	550,969	-	358,096	5,446,057
Other income	(92,785)	(33,117)	792	(121,961)	(46,926)	(113,949)	-	(295,680)	(4,105,061)
Annual surplus (deficit)	\$ (92,785)\$	(33,117)\$	792 \$	(121,961)\$	(46,926)\$	(113,949)\$	-	(78,954)\$	237,873

# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 13. SEGMENTED INFORMATION, continued

	Public Works Programs			Chief and Council Programs			Social Housing Fund		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
Revenues									
Indigenous and Northern Affairs Canada	\$ 138,180	\$ 169,185	\$ 157,295	-	\$ 50,000	\$ 31,815	-	\$ -	\$ -
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	89,550	91,499
First Nations Health Authority	39,646	12,676	12,015	-	-	-	-	-	-
Forestry	-	-	-	250,936	286,604	671,398	-	-	-
Health Canada	-	-	-	-	-	25,000	-	-	-
Province of British Columbia	-	-	-	250,000	249,037	85,275	-	-	-
Rental	118,920	93,662	121,924	-	-	-	-	139,322	137,290
Other revenue	92,926	118,117	119,120	-	7,400	(36,115)	-	12,601	24,947
Total revenue	389,672	393,640	410,354	500,936	593,041	777,373	-	241,473	253,736
Expenses									
Amortization	-	-	-	-	-	-	-	114,964	111,212
Insurance	20,584	19,404	8,901	-	-	-	-	14,977	15,124
Loan payments	-	128,273	3,005	-	-	-	-	139,330	141,077
Materials and supplies	11,500	16,771	33,620	-	2,882	4,201	-	-	-
Professional fees	-	-	-	-	20,373	7,233	-	7,125	7,125
Repairs and maintenance	28,200	25,301	2,006	-	-	-	-	30,741	25,706
Travel	11,000	7,149	10,336	-	-	-	-	-	-
Wages and benefits	157,108	181,631	157,340	53,332	56,318	48,611	-	-	-
Other expenses	612,452	458,868	147,548	194,218	162,345	234,070	-	21,180	16,924
Total expenses	840,844	837,397	362,756	247,550	241,918	294,115	-	328,317	317,168
Other income	(451,172)	(443,757)	47,598	253,386	351,123	483,258	-	(86,844)	(63,432)
Annual surplus (deficit)	\$ (451,172)	\$ (393,757)	\$ 47,598	\$ 253,386	\$ 351,123	\$ 483,258	-	\$ 28,120	\$ 47,780

# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 13. SEGMENTED INFORMATION, continued

	2016 Budget	Capital Fund 2016 Actual	2015 Actual	2016 Budget	Trust Funds 2016 Actual	2015 Actual	2016 Budget	Enterprise Fund 2016 Actual	2015 Actual
Revenues									
Rental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,500	\$ 24,400
Other revenue	-	-	-	-	1,283	5,665	-	546,879	676,599
Total revenue	-	-	-	-	1,283	5,665	-	552,379	700,999
Expenses									
Amortization	-	265,895	162,110	-	-	-	-	2,579	2,579
Insurance	-	-	-	-	-	-	-	1,705	2,065
Materials and supplies	-	-	-	-	-	-	-	23	-
Professional fees	-	-	-	-	-	-	-	2,370	2,400
Other expenses	-	-	-	-	-	-	-	14,174	21,030
Total expenses	-	265,895	162,110	-	-	-	-	20,851	28,074
Other income	-	(265,895)	(162,110)	-	1,283	5,665	-	531,528	672,925
	-	177,834	4,623,561	-	-	(744,907)	-	-	-
Annual surplus (deficit)	\$ -	\$ (88,061)	\$ 4,461,451	\$ -	\$ 1,283	\$ (739,242)	\$ -	\$ 531,528	\$ 672,925

# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 13. SEGMENTED INFORMATION, continued

	2016 Budget	Consolidated totals 2016 Actual	2015 Actual
Revenues			
Indigenous and Northern Affairs Canada	\$ 1,855,970	\$ 1,889,651	\$ 2,143,824
Canada Mortgage and Housing Corporation	-	89,550	151,494
First Nations Health Authority	965,128	981,668	940,756
Forestry	250,936	286,604	671,398
Health Canada	-	110	1,122,650
Property tax assessed	249,231	251,961	249,438
Province of British Columbia	308,512	378,358	143,787
Rental	118,920	238,484	283,614
Other revenue	1,489,047	1,905,996	1,743,141
Total revenue	5,237,744	6,022,382	7,450,102
Expenses			
Amortization	-	383,438	275,901
Insurance	40,584	62,257	40,315
Loan payments	-	267,603	144,082
Materials and supplies	110,812	129,744	146,982
Professional fees	106,627	107,504	445,045
Repairs and maintenance	101,600	119,128	85,006
Travel	88,923	88,384	77,518
Wages and benefits	2,061,877	1,872,433	1,878,680
Other expenses	2,883,940	3,047,058	7,236,499
Total expenses	5,394,363	6,077,549	10,330,028
Other income	(156,619)	(55,167)	(2,879,925)
Annual surplus (deficit)	\$ (156,619)	\$ 504,357	\$ 5,452,876



# LOWER SIMILKAMEEN INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 14. CONTINGENT LIABILITIES

a) Indigenous and Northern Affairs Canada

Under the terms of the contribution agreements with Indigenous and Northern Affairs 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 \$317,701.