

**LOWER SIMILKAMEEN INDIAN BAND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

# LOWER SIMILKAMEEN INDIAN BAND

## CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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# LOWER SIMILKAMEEN INDIAN BAND

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MARCH 31, 2017

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The accompanying consolidated financial statements of LOWER SIMILKAMEEN INDIAN BAND and all the information in this annual report for the year ended March 31, 2017 are the responsibility of management and have been approved by the Chief and Council.


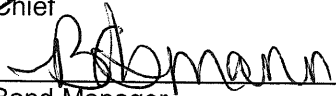
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen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

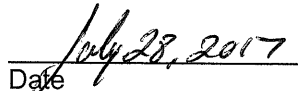
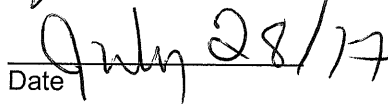
The LOWER SIMILKAMEEN INDIAN BAND maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the assets are appropriately 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, 2017, 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, 2017, 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

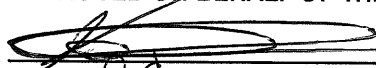

KELOWNA, B.C.  
JULY 28, 2017

# LOWER SIMILKAMEEN INDIAN BAND

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

	2017	2016
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 807,732	\$ 1,354,578
Restricted cash (Note 5)	532,984	501,258
Accounts receivable (Note 6)	647,365	238,275
Loans receivable	3,737	2,913
Rents receivables	105,836	112,672
Temporary investments	1,572,230	1,551,673
Long-term investments (Note 7)	1,609,276	1,821,961
	<b>5,279,160</b>	<b>5,583,330</b>
<b>LIABILITIES</b>		
Accounts payable (Note 10)	768,768	644,307
Deferred revenue (Note 11)	583,633	183,000
Due to related parties	17,580	19,479
Long-term debt (Note 12)	5,932,833	6,197,474
	<b>7,302,814</b>	<b>7,044,260</b>
<b>NET DEBT</b>	<b>(2,023,654)</b>	<b>(1,460,930)</b>
<b>NON-FINANCIAL ASSETS</b>		
Capital assets (Note 9)	13,629,590	13,027,772
Prepaid expenses	29,257	21,420
	<b>13,658,847</b>	<b>13,049,192</b>
<b>ACCUMULATED SURPLUS (Note 3)</b>	<b>\$ 11,635,193</b>	<b>\$ 11,588,262</b>
<b>MEMBERS' EQUITY</b>		
Equity in Unrestricted	\$ 2,020,644	\$ 2,648,829
Equity in Restricted	9,614,549	8,939,433
<b>ACCUMULATED SURPLUS</b>	<b>\$ 11,635,193</b>	<b>\$ 11,588,262</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, 2017

	2017 Budget	2017 Actual	2016
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 52,324	\$ 46,931	\$ 504,357
Acquisition of tangible capital assets	-	(991,010)	(309,787)
Amortization of tangible capital assets	-	389,192	383,437
	-	(601,818)	73,650
Acquisition of prepaid asset	(7,837)	(29,257)	(21,420)
Use of prepaid asset	-	21,420	43,396
	(7,837)	(7,837)	21,976
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS (DEBT)</b>	44,487	(562,724)	599,983
<b>NET DEBT, BEGINNING OF YEAR</b>	-	(1,460,930)	(2,060,913)
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	\$ -	\$ (2,023,654)	\$ (1,460,930)

# LOWER SIMILKAMEEN INDIAN BAND

## CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget	2017 Actual	2016 Actual
<b>REVENUE</b>			
Indigenous and Northern Affairs Canada	\$ 1,800,205	\$ 2,061,932	\$ 1,889,651
Administration fee	275,044	337,523	304,489
Canada Mortgage and Housing Corporation	-	144,584	89,550
Environment Canada	136,400	133,338	217,807
First Nations Education Steering Committee	84,075	69,120	72,020
First Nations Health Authority	1,009,863	1,010,560	981,668
Forestry	413,187	418,187	291,604
Fortis BC	13,000	43,500	36,000
Health Canada	-	-	110
Interest	10,000	28,009	28,737
Okanagan Training and Development Council	-	4,375	71,286
Other	819,099	519,484	493,715
Property tax assessed	514,328	262,922	251,961
Province of British Columbia	160,634	148,296	408,106
Referrals	70,200	165,889	105,436
Rental	81,820	256,988	238,484
Share of income (loss) from First Nation controlled entities	-	(57,685)	546,619
	5,387,855	5,547,022	6,027,243
<b>EXPENSES</b>			
Administration Programs	912,177	976,489	887,270
Health Programs	1,115,007	1,044,807	1,015,539
Social Development	682,872	629,374	623,941
Education Programs	822,215	827,726	872,072
Natural Resources Programs	483,592	492,890	631,114
Capital Programs	336,400	939,278	358,096
Public Works Programs	661,747	929,145	837,397
Chief and Council Programs	220,036	303,585	241,918
Social Housing Fund	-	322,789	328,317
Capital Fund	-	269,469	265,895
Enterprise Fund	-	20,192	20,851
	5,234,046	6,755,744	6,082,410
<b>ANNUAL DEFICIT BEFORE OTHER</b>	52,324	(1,208,722)	(55,167)
<b>OTHER</b>			
Acquisition of tangible capital assets	-	991,010	309,788
Principal reduction of long-term debt	-	264,643	249,736
	-	1,255,653	559,524
<b>ANNUAL SURPLUS (DEFICIT)</b>	52,324	46,931	504,357
<b>FUND BALANCE, BEGINNING OF YEAR</b>	-	11,588,262	11,083,905
<b>FUND BALANCE, END OF YEAR</b>	\$ -	\$ 11,635,193	\$ 11,588,262

# LOWER SIMILKAMEEN INDIAN BAND

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
<b>OPERATING ACTIVITIES</b>		
ANNUAL SURPLUS	\$ 46,931	\$ 504,357
Amortization of tangible capital assets	389,192	383,437
Share of income (loss) of First Nation Controlled entities	57,685	(546,619)
Profit distribution from First Nation Controlled entities	155,000	169,530
	648,808	510,705
Change in non-cash items on statement of financial position	91,725	(1,438,433)
	740,533	(927,728)
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(264,643)	(249,736)
Proceeds from long-term debt	-	266,726
	(264,643)	16,990
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(991,010)	(309,787)
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(515,120)</b>	<b>(1,220,525)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,855,836</b>	<b>3,076,361</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,340,716</b>	<b>\$ 1,855,836</b>
<b>REPRESENTED BY</b>		
Cash and cash equivalents	\$ 807,732	\$ 1,354,578
Restricted cash	532,984	501,258
	\$ 1,340,716	\$ 1,855,836



# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

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### 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, 2017

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### 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, 2017

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### 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, 2017

### 3. ACCUMULATED SURPLUS

	2017	2016
Restricted		
Social Housing Fund	\$ 959,071	\$ 927,954
Capital Fund	7,149,994	6,280,953
Enterprise Fund	1,505,484	1,730,526
	<b>9,614,549</b>	<b>8,939,433</b>
Unrestricted		
Operating Fund	2,013,012	2,642,502
Trust Funds	7,632	6,327
	<b>2,020,644</b>	<b>2,648,829</b>
	<b>\$ 11,635,193</b>	<b>\$ 11,588,262</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, 2017

### 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.

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.

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.

	2017	2016
Replacement Reserve Fund - restricted cash	\$ 320,936	\$ 301,218
Operating Reserve Fund - restricted cash	204,416	193,713
Ottawa Trust Funds - restricted cash	7,632	6,327
	<b>\$ 532,984</b>	<b>\$ 501,258</b>

### 6. ACCOUNTS RECEIVABLE

	2017	2016
Accounts receivable - general	\$ 774,978	\$ 348,099
Indigenous and Northern Affairs Canada	19,871	-
Canada Mortgage and Housing Corporation	-	32,209
Member loans	64,063	67,063
	<b>858,912</b>	<b>447,371</b>
Allowance for doubtful accounts	(211,547)	(209,096)
	<b>\$ 647,365</b>	<b>\$ 238,275</b>

# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 7. LONG-TERM INVESTMENTS

	2017	2016
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	19,413
Investment in Lower Similkameen Community Forests Limited	(3,043)	(3,043)
	58,222	58,222
Investment in 0783309 B.C. Ltd.		
Share capital	1	1
	1	1
Investment in Lower Similkameen Holdings Limited Partnership		
Accumulated earnings (deficit)	1,554,336	1,767,010
	1,554,336	1,767,010
Investment in Lower Similkameen Holdings Ltd.		
Share capital	1	1
Accumulated earnings (deficit)	(2,315)	(2,309)
	(2,314)	(2,308)
Investment in Skulqalt Forestry Ltd.		
Share capital	1	1
Accumulated earnings (deficit)	(970)	(965)
	(969)	(964)
	\$ 1,609,276	\$ 1,821,961

### 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, 2017

### 8. FIRST NATION CONTROLLED ENTITIES, continued

	0783309 B.C. Ltd	Lower Similkameen Holdings Limited Partnership	Lower Similkameen Holdings Ltd.	Skulqalt Forestry Ltd.
Cash	\$ -	\$ 151,960	\$ -	\$ -
Other assets	1	1,403,948	226	231
<b>Total assets</b>	<b>\$ 1</b>	<b>\$ 1,555,908</b>	<b>\$ 226</b>	<b>\$ 231</b>
Accounts payable	\$ -	\$ 2,630	\$ 2,540	\$ 1,200
Equity	1	1,553,278	(2,314)	(969)
<b>Total liabilities and equity</b>	<b>\$ 1</b>	<b>\$ 1,555,908</b>	<b>\$ 226</b>	<b>\$ 231</b>

	0783309 B.C. Ltd	Lower Similkameen Holdings Limited Partnership	Lower Similkameen Holdings Ltd.	Skulqalt Forestry Ltd.
Revenue	\$ -	\$ (52,689)	\$ (6)	\$ (5)
Expenses	-	4,470	-	-
<b>Net income (loss)</b>	<b>\$ -</b>	<b>\$ (57,159)</b>	<b>\$ (6)</b>	<b>\$ (5)</b>

## LOWER SIMILKAMEEN INDIAN BAND

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

#### 9. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2017 net book value
Land	\$ 161,475	\$ -	\$ -	\$ 161,475	\$ -	\$ -	\$ -	\$ -	\$ 161,475
Automotive equipment	354,400	62,799	(76,927)	340,272	267,028	38,377	(76,927)	228,478	111,794
Computer equipment	282,205	-	(175,754)	106,451	249,895	15,522	(175,754)	89,663	16,788
Campground	165,109	-	-	165,109	148,598	8,255	-	156,853	8,256
Equipment	828,594	107,819	(415,830)	520,583	807,684	18,057	(415,830)	409,911	110,672
Leasehold improvements	186,371	-	(125,832)	60,539	162,796	3,027	(125,832)	39,991	20,548
Roads	957,617	-	-	957,617	504,285	12,656	-	516,941	440,676
Buildings	13,468,667	820,392	-	14,289,059	3,058,798	283,514	-	3,342,312	10,946,747
Infrastructure	2,133,585	-	-	2,133,585	311,167	9,784	-	320,951	1,812,634
	\$ 18,538,023	\$ 991,010	\$ (794,343)	\$ 18,734,690	\$ 5,510,251	\$ 389,192	\$ (794,343)	\$ 5,105,100	\$ 13,629,590

	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	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	1,607,901	1,450,897	-	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	\$ 3,957,107	\$ 1,553,144	\$ -	\$ 5,510,251	\$ 13,027,772



# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 10. ACCOUNTS PAYABLE

	2017	2016
Trade payables	\$ 588,301	\$ 464,776
Indigenous and Northern Affairs Canada	47,873	66,251
Payroll payable	64,749	69,213
Vacation pay payable	67,845	44,067
	<b>\$ 768,768</b>	<b>\$ 644,307</b>

### 11. DEFERRED REVENUE

	March 31, 2016	Funding received, 2017	March 31, 2017
<b>Federal government</b>			
FNESC	\$ -	\$ 14,000	\$ 14,000
FNHA	-	242,930	242,930
	-	256,930	256,930
<b>Provincial Government</b>			
BC Legacy Fund	-	1,682	1,682
BC Rural Dividend Grant	-	91,750	91,750
Ancestral Remains	-	30,271	30,271
	-	123,703	123,703
<b>Other</b>			
Fortis settlement	183,000	-	<b>183,000</b>
New Relationship Trust	-	20,000	20,000
	183,000	20,000	<b>203,000</b>
	<b>\$ 183,000</b>	<b>\$ 400,633</b>	<b>\$ 583,633</b>

### 12. LONG-TERM DEBT

	2017	2016
Bank of Montreal construction loan payable on demand. Interest calculated at prime plus 0.50% per annum. Secured by a general charge against operations.	\$ 41,187	\$ 43,695
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>3,771,437</b>	3,893,340
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>559,850</b>	577,724

# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 12. LONG-TERM DEBT, continued

	2017 \$	2016 \$
Bank of Montreal loan payable, payment of \$401 per month including interest at prime plus 0.50%. Secured by a general charge against operations.	51,650	54,763
Bank of Montreal loan payable, payment of \$320 per month including interest at prime plus 0.50%. Secured by a general charge against operations.	47,099	49,750
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.	58,528	57,977
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.	23,329	33,768
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.	125,232	145,545
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.	217,904	244,679
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.	120,394	140,587
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.	916,223	955,646
	5,932,833	6,197,474
Callable portion	4,331,287	4,514,760
Current portion	128,740	125,340
	<b>\$ 1,472,806</b>	<b>\$ 1,557,374</b>

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

2018	\$ 4,460,027
2019	132,369
2020	121,140
2021	122,740
2022 and thereafter	1,096,557
	<b>\$ 5,932,833</b>

# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

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### 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, 2017

### 13. SEGMENTED INFORMATION, continued

	Administration Programs			Health Programs			Social Development		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
Revenues									
Indigenous and Northern Affairs Canada	\$ 291,371	\$ 334,087	\$ 284,672	\$ -	\$ -	\$ -	\$ 586,777	\$ 502,166	\$ 534,478
First Nations Health Authority	-	-	-	958,316	958,316	968,992	-	-	-
Property tax assessed	514,328	262,922	251,961	-	-	-	-	-	-
Province of British Columbia	-	-	-	-	-	-	58,512	60,209	58,980
Other revenue	506,624	411,904	440,218	135,799	204,929	201,134	18,100	7,700	19,433
Total revenue	1,312,323	1,008,913	976,851	1,094,115	1,163,245	1,170,126	663,389	570,075	612,891
Expenses									
Insurance	16,000	22,419	12,427	5,000	6,202	5,678	-	-	-
Materials and supplies	36,000	25,870	40,379	14,417	16,369	21,351	5,500	1,004	1,656
Professional fees	53,425	58,057	35,910	25,000	20,000	-	-	-	-
Repairs and maintenance	14,500	8,616	11,967	7,943	12,448	9,406	-	-	-
Travel	11,100	14,044	18,474	35,061	30,276	36,502	11,500	10,162	9,207
Wages and benefits	415,417	341,978	340,688	604,041	583,847	486,303	139,344	146,633	138,692
Other expenses	365,735	505,505	427,428	423,545	375,665	456,297	526,528	471,575	474,385
Total expenses	912,177	976,489	887,273	1,115,007	1,044,807	1,015,537	682,872	629,374	623,940
Annual surplus (deficit)	\$ 400,146	\$ 32,424	\$ 89,581	(20,892)\$	118,438	154,587	(19,483)\$	(59,299)\$	(11,050)

# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

### 13. SEGMENTED INFORMATION, continued

	Education Programs			Natural Resources Programs			Capital Programs		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
Revenues									
Indigenous and Northern Affairs Canada	\$ 631,537	\$ 701,389	\$ 664,901	\$ 112,000	\$ 115,080	\$ 124,109	\$ 43,520	\$ 54,400	\$ 62,306
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	55,617	-
Health Canada	-	-	-	-	-	-	-	-	110
Province of British Columbia	55,000	40,965	29,748	-	-	70,341	-	-	-
Other revenue	84,075	141,056	144,306	267,100	358,054	389,738	280,000	37,070	-
Total revenue	770,612	883,410	838,955	379,100	473,134	584,188	323,520	147,087	62,416
Expenses									
Insurance	3,000	6,507	8,066	-	-	-	-	-	-
Materials and supplies	23,000	31,248	23,525	16,728	16,627	18,993	19,200	8,094	4,217
Professional fees	-	-	-	5,000	18,094	5,175	-	13,163	13,093
Repairs and maintenance	42,000	2,150	41,713	403	625	-	-	-	-
Travel	2,500	7,642	8,324	9,000	8,085	8,740	2,700	518	-
Wages and benefits	441,893	379,680	412,342	282,663	257,990	256,459	-	9,042	-
Other expenses	309,822	400,499	378,102	169,798	191,469	341,747	314,500	908,461	340,787
Total expenses	822,215	827,726	872,072	483,592	492,890	631,114	336,400	939,278	358,097
Other	(51,603)	55,684	(33,117)	(104,492)	(19,756)	(46,926)	(12,880)	(792,191)	(295,680)
Annual surplus (deficit)	\$ (51,603)\$	55,684 \$	(33,117)\$	(104,492)\$	(19,756)\$	(46,926)\$	(12,880)\$	(792,191)\$	(78,954)

# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

### 13. SEGMENTED INFORMATION, continued

	Public Works Programs			Chief and Council Programs			Social Housing Fund		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
Revenues									
Indigenous and Northern Affairs Canada	\$ 135,000	\$ 354,810	\$ 169,185	-	-	\$ 50,000	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	88,968	89,550
First Nations Health Authority	51,547	52,244	12,676	-	-	-	-	-	-
Forestry	-	-	-	413,187	418,187	291,604	-	-	-
Province of British Columbia	-	-	-	47,122	47,122	249,037	-	-	-
Rental	81,820	107,154	93,662	-	-	-	-	142,184	139,322
Other revenue	98,120	93,694	118,117	18,000	39,729	2,400	-	5,611	12,601
Total revenue	366,487	607,902	393,640	478,309	505,038	593,041	-	236,763	241,473
Expenses									
Amortization	-	-	-	-	-	-	-	117,143	114,964
Insurance	12,725	16,755	19,404	-	-	-	-	14,739	14,977
Loan payments	-	144,119	128,273	-	-	-	-	138,646	139,330
Materials and supplies	7,000	4,368	16,771	3,000	4,803	2,882	-	-	-
Professional fees	-	-	-	-	8,157	20,373	-	7,550	7,125
Repairs and maintenance	29,250	38,946	25,301	-	-	-	-	25,615	30,741
Travel	7,500	6,640	7,149	-	15,898	10,541	-	-	-
Wages and benefits	182,311	157,629	181,631	57,417	52,534	56,318	-	-	-
Other expenses	422,961	560,688	458,868	159,619	222,193	151,804	-	19,096	21,180
Total expenses	661,747	929,145	837,397	220,036	303,585	241,918	-	322,789	328,317
Other	(295,260)	(321,243)	(443,757)	258,273	201,453	351,123	-	(86,026)	(86,844)
Annual surplus (deficit)	\$ (295,260)	\$ (321,243)	\$ (393,757)	258,273	201,453	351,123	-	\$ 31,117	\$ 28,120

# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

### 13. SEGMENTED INFORMATION, continued

	2017 Budget	Capital Fund 2017 Actual	2016 Actual	2017 Budget	Trust Funds 2017 Actual	2016 Actual	2017 Budget	Enterprise Fund 2017 Actual	2016 Actual
Revenues									
Rental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,650	\$ 5,500
Other revenue	-	-	-	-	1,305	1,283	-	(57,500)	546,879
Total revenue	-	-	-	-	1,305	1,283	-	(49,850)	552,379
Expenses									
Amortization	-	269,469	265,895	-	-	-	-	2,579	2,579
Insurance	-	-	-	-	-	-	-	1,769	1,705
Materials and supplies	-	-	-	-	-	-	-	-	23
Professional fees	-	-	-	-	-	-	-	2,425	2,370
Other expenses	-	-	-	-	-	-	-	13,419	14,174
Total expenses	-	269,469	265,895	-	-	-	-	20,192	20,851
Other	-	(269,469)	(265,895)	-	1,305	1,283	-	(70,042)	531,528
Annual surplus (deficit)	\$ -	\$ 869,041	\$ (88,061)	\$ -	\$ 1,305	\$ 1,283	\$ -	\$ (70,042)	\$ 531,528

# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

### 13. SEGMENTED INFORMATION, continued

	2017 Budget	Consolidated totals 2017 Actual	2016 Actual
Revenues			
Indigenous and Northern Affairs Canada	\$ 1,800,205	\$ 2,061,932	\$ 1,889,651
Canada Mortgage and Housing Corporation	-	144,585	89,550
First Nations Health Authority	1,009,863	1,010,560	981,668
Forestry	413,187	418,187	291,604
Health Canada	-	-	110
Property tax assessed	514,328	262,922	251,961
Province of British Columbia	160,634	148,296	408,106
Rental	81,820	256,988	238,484
Other revenue	1,407,818	1,243,552	1,876,109
Total revenue	5,387,855	5,547,022	6,027,243
Expenses			
Amortization	-	389,191	383,438
Insurance	36,725	68,391	62,257
Loan payments	-	282,765	267,603
Materials and supplies	124,845	108,383	129,797
Professional fees	83,425	127,446	84,046
Repairs and maintenance	94,096	88,400	119,128
Travel	79,361	93,265	98,937
Wages and benefits	2,123,086	1,929,333	1,872,433
Other expenses	2,692,508	3,668,570	3,064,772
Total expenses	5,234,046	6,755,744	6,082,411
Other	153,809	(1,208,722)	(55,167)
	-	1,255,653	559,524
Annual surplus (deficit)	\$ 153,809	\$ 46,931	\$ 504,357



# LOWER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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### 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 \$248,723.