

LOWER SIMILKAMEEN INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018

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CONSOLIDATED FINANCIAL STATEMENTS

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LOWER SIMILKAMEEN INDIAN BAND

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2018

The accompanying consolidated financial statements of Lower Similkameen Indian Band and all the information in this annual report for the year ended March 31, 2018 are the responsibility of management and have been approved by the Chief and Council.

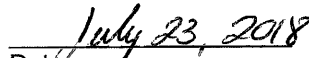

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen 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
Councillor
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, 2018, 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, 2018, 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 23, 2018


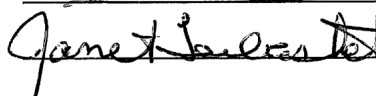
LOWER SIMILKAMEEN INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 1,516,940	\$ 807,732
Restricted cash (Note 5)	695,417	532,984
Accounts receivable (Note 6)	2,072,561	647,365
Loans receivable	12,162	3,737
Rents receivables	99,340	105,836
Temporary investments	1,573,064	1,572,230
Long-term investments (Note 7)	2,454,195	1,609,276
	8,423,679	5,279,160
LIABILITIES		
Accounts payable (Note 10)	713,484	768,768
Deferred revenue (Note 11)	1,851,491	583,633
Due to related parties	32,582	17,580
Long-term debt (Note 12)	5,446,198	5,932,833
	8,043,755	7,302,814
NET FINANCIAL ASSETS (DEBT)	379,924	(2,023,654)
NON-FINANCIAL ASSETS		
Capital assets (Note 9)	13,496,728	13,629,590
Prepaid expenses	80,657	29,257
	13,577,385	13,658,847
ACCUMULATED SURPLUS (Note 3)	\$ 13,957,309	\$ 11,635,193
MEMBERS' EQUITY		
Equity in Unrestricted	\$ 12,831,546	\$ 10,668,490
Equity in Restricted	1,125,763	966,703
ACCUMULATED SURPLUS	\$ 13,957,309	\$ 11,635,193

APPROVED ON BEHALF OF THE LOWER SIMILKAMEEN INDIAN BAND

 Chief
 Councillor

LOWER SIMILKAMEEN INDIAN BAND

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)

For the year ended March 31, 2018

	2018 Budget	2018 Actual	2017
ANNUAL SURPLUS (DEFICIT)	\$ (66,094)	\$ 2,322,116	\$ 46,931
Acquisition of tangible capital assets	-	(283,703)	(991,010)
Amortization of tangible capital assets	-	416,565	389,192
	-	132,862	(601,818)
Acquisition of prepaid asset	(51,400)	(80,657)	(29,257)
Use of prepaid asset	-	29,257	21,420
	(51,400)	(51,400)	(7,837)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS (DEBT)	(117,494)	2,403,578	(562,724)
NET DEBT AT BEGINNING OF YEAR	-	(2,023,654)	(1,460,930)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ -	\$ 379,924	\$ (2,023,654)

LOWER SIMILKAMEEN INDIAN BAND

CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31, 2018

	2018 Budget	2018 Actual	2017 Actual
REVENUE			
Indigenous Services Canada	\$ 2,054,486	\$ 3,987,300	\$ 2,061,932
Administration fee	282,106	109,010	137,875
Canada Mortgage and Housing Corporation	88,008	129,605	144,584
Environment Canada	70,075	63,338	133,338
First Nations Education Steering Committee	61,000	70,570	69,120
First Nations Health Authority	1,010,560	1,108,204	1,010,560
Loan proceeds	-	44,778	-
Forestry	383,000	383,314	418,187
Fortis BC	36,000	36,000	43,500
Ottawa Trust Fund contribution	-	128,560	-
Interest	12,000	35,048	28,009
Okanagan Training and Development Council	-	8,767	4,375
General	277,762	816,419	425,636
Property tax assessed	551,033	422,986	262,922
Province of British Columbia	501,315	815,690	148,296
Referrals	123,000	184,526	165,889
Rental	234,532	297,476	256,988
Transfer to (from) deferred revenue	-	(1,267,858)	37,070
Share of income (loss) from First Nation controlled entities	-	844,919	(57,685)
	5,684,877	8,218,652	5,290,596
EXPENDITURES			
Administration Programs	894,651	1,249,777	957,807
Health Programs	1,036,554	971,244	936,306
Social Development	665,171	597,785	609,797
Education Programs	859,402	718,448	788,173
Natural Resources Programs	543,617	516,469	455,615
Capital Programs	508,000	878,138	936,275
Public Works Programs	600,867	611,915	899,310
Chief and Council Programs	472,227	476,353	303,585
Social Housing Fund	170,482	332,562	322,789
Capital Fund	-	294,255	269,469
Enterprise Fund	-	19,928	20,192
	5,750,971	6,666,874	6,499,318
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER	(66,094)	1,551,778	(1,208,722)
OTHER			
Acquisition of tangible capital assets	-	283,703	991,010
Principal reduction of long-term debt	-	486,635	264,643
	-	770,338	1,255,653
ANNUAL SURPLUS (DEFICIT)	(66,094)	2,322,116	46,931
EQUITY AT BEGINNING OF YEAR	-	11,635,193	11,588,262
EQUITY AT END OF YEAR	\$ -	\$ 13,957,309	\$ 11,635,193

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, 2018

	2018	2017
OPERATING ACTIVITIES		
EXCESS OF REVENUE OVER EXPENDITURES	\$ 2,322,116	\$ 46,931
Amortization of tangible capital assets	416,565	389,192
Share of income (loss) of First Nation Controlled entities	(844,919)	57,685
Profit distribution from First Nation Controlled entities	-	155,000
	1,893,762	648,808
Change in non-cash operating working capital	(251,783)	91,725
	1,641,979	740,533
FINANCING ACTIVITIES		
Repayment of long-term debt	(486,635)	(264,643)
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(283,703)	(991,010)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	871,641	(515,120)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,340,716	1,855,836
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,212,357	\$ 1,340,716
CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:		
Cash and cash equivalents	\$ 1,516,940	\$ 807,732
Restricted cash	695,417	532,984
	\$ 2,212,357	\$ 1,340,716

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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, 2018

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, 2018

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.

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

2. COMPARATIVE AMOUNTS

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

3. ACCUMULATED SURPLUS

	2018	2017
Unrestricted		
Operating Fund	\$ 2,972,400	\$ 2,013,012
Capital Fund	7,506,346	7,149,994
Enterprise Fund	2,352,800	1,505,484
	12,831,546	10,668,490
Restricted		
Social Housing Fund	986,269	959,071
Trust Funds	139,494	7,632
	1,125,763	966,703
	\$ 13,957,309	\$ 11,635,193

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 Services 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, 2018

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.

	2018	2017
Replacement Reserve Fund - restricted cash	\$ 333,546	\$ 320,936
Operating Reserve Fund - restricted cash	222,377	204,416
Ottawa Trust Funds - restricted cash	139,494	7,632
	\$ 695,417	\$ 532,984

6. ACCOUNTS RECEIVABLE

	2018	2017
Accounts receivable - general	\$ 668,716	\$ 774,978
Indigenous Services Canada	1,574,226	19,871
Canada Mortgage and Housing Corporation	11,210	-
Member loans	61,064	64,063
	2,315,216	858,912
Allowance for doubtful accounts	(242,655)	(211,547)
	\$ 2,072,561	\$ 647,365

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

7. LONG-TERM INVESTMENTS

	2018	2017
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
Investment in Lower Similkameen Community Forests Limited	-	(3,043)
	41,852	58,222
Investments subject to control		
Investment in Lower Similkameen Community Forests Limited Partnership	42,943	-
Investment in Lower Similkameen Community Forests Limited	(10,772)	-
	32,171	-
Investment in 0783309 B.C. Ltd.		
Share capital	1	1
	1	1
Investment in Lower Similkameen Holdings Limited Partnership		
Accumulated earnings (deficit)	2,383,289	1,554,336
	2,383,289	1,554,336
Investment in Lower Similkameen Holdings Ltd.		
Share capital	1	1
Accumulated earnings (deficit)	(2,232)	(2,315)
	(2,231)	(2,314)
Investment in Skulqalt Forestry Ltd.		
Share capital	1	1
Accumulated earnings (deficit)	(888)	(970)
	(887)	(969)
	\$ 2,454,195	\$ 1,609,276

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, 2018

8. FIRST NATION CONTROLLED ENTITIES, continued

	0783309 B.C. Ltd	Lower Similkameen Holdings Limited Partnership	Lower Similkameen Holdings Ltd.	Skulqalt Forestry Ltd.	Lower Similkameen Community Forests Limited Partnership	Lower Similkameen Community Forests Ltd.
Cash	\$ -	\$ 150,258	\$ -	\$ -	\$ 48,852	\$ -
Accounts receivable	-	-	-	-	-	80
Other assets	1	2,023,402	309	314	145,927	-
Total assets	\$ 1	\$ 2,173,660	\$ 309	\$ 314	\$ 194,779	\$ 80
Accounts payable	\$ -	\$ 2,630	\$ 2,540	\$ 1,200	\$ 162,608	\$ 12,268
Equity	1	2,171,030	(2,231)	(886)	32,171	(12,188)
Total liabilities and equity	\$ 1	\$ 2,173,660	\$ 309	\$ 314	\$ 194,779	\$ 80

	0783309 B.C. Ltd	Lower Similkameen Holdings Limited Partnership	Lower Similkameen Holdings Ltd.	Skulqalt Forestry Ltd.	Lower Similkameen Community Forests Limited Partnership	Lower Similkameen Community Forests Ltd.
Revenue	\$ -	\$ 829,454	\$ 83	\$ 83	\$ 14,181	\$ -
Income	-	1,448	-	-	-	-
Interest	-	-	-	-	-	-
Revenue	-	830,902	83	83	14,181	-
Expenses	-	3,150	-	-	27,630	13
Net income (loss)	\$ -	\$ 827,752	\$ 83	\$ 83	(13,449)	(13)

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

9. TANGIBLE CAPITAL ASSETS

2018	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	2018 net book value
Land	\$ 161,475	\$ -	\$ -	\$ 161,475	\$ -	\$ -	\$ -	\$ -	\$ 161,475
Automotive equipment	340,272	-	-	340,272	228,478	38,362	-	266,840	73,432
Computer equipment	106,451	-	-	106,451	89,663	4,774	-	94,437	12,014
Campground	165,109	-	-	165,109	156,853	8,256	-	165,109	-
Equipment	520,583	27,885	-	548,468	409,911	12,730	-	422,641	125,827
Leasehold improvements	60,539	-	-	60,539	39,991	3,026	-	43,017	17,522
Roads	957,617	-	-	957,617	516,941	12,656	-	529,597	428,020
Buildings	14,289,059	255,818	-	14,544,877	3,342,312	326,977	-	3,669,289	10,875,588
Infrastructure	2,133,585	-	-	2,133,585	320,951	9,784	-	330,735	1,802,850
	\$ 18,734,690	\$ 283,703	\$ -	\$ 19,018,393	\$ 5,105,100	\$ 416,565	\$ -	\$ 5,521,665	\$ 13,496,728

2017	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

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

10. ACCOUNTS PAYABLE

	2018	2017
Trade payables	\$ 538,118	\$ 588,301
Indigenous Services Canada	13,593	47,873
Payroll payable	99,615	64,749
Vacation pay payable	62,158	67,845
	\$ 713,484	\$ 768,768

11. DEFERRED REVENUE

	March 31, 2017	Funding received, 2018	Revenue recognized, 2018	March 31, 2018
Federal government				
FNESC	\$ 91,750	\$ 63,000	\$ (88,000)	\$ 66,750
ISC	-	1,588,741	-	1,588,741
FNHA	242,930	-	(242,930)	-
First Peoples' Cultural Council	14,000	-	(1,000)	13,000
	348,680	1,651,741	(331,930)	1,668,491
Provincial Government				
BC Legacy Fund	1,682	-	(1,682)	-
Ancestral Remains	30,271	-	(30,271)	-
	31,953	-	(31,953)	-
Other				
Fortis settlement	183,000	-	-	183,000
New Relationship Trust	20,000	-	(20,000)	-
	203,000	-	(20,000)	183,000
	\$ 583,633	\$ 1,651,741	\$ (383,883)	\$ 1,851,491

12. LONG-TERM DEBT

	2018	2017
Bank of Montreal construction loan payable on demand. Interest calculated at prime plus 0.50% per annum. Secured by a general charge against operations.	\$ 38,726	\$ 41,187
Bank of Montreal construction loan payable on demand. Interest calculated at prime plus 0.50% per annum. Secured by a general charge against operations.	3,437,090	3,771,437
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.	543,204	559,850

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

12. LONG-TERM DEBT, continued

	2018 \$	2017 \$
Bank of Montreal loan payable, payment of \$401 per month including interest at prime plus 0.50%. Secured by a general charge against operations.	48,564	51,650
Bank of Montreal loan payable, payment of \$320 per month including interest at prime plus 0.50%. Secured by a general charge against operations.	44,414	47,099
All Nations Trust Company loan, payment of \$541 per month including interest at 5.24% per annum, with no set maturity date, secured by a Ministerial Loan Guarantee from Indigenous Services Canada.	50,850	58,528
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 Services Canada.	12,685	23,329
All Nations Trust Company loan, payment of \$1,911 per month including interest at 2.39% per annum, maturing January 1, 2023, secured by a Ministerial Loan Guarantee from Indigenous Services Canada.	104,594	125,232
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 Services Canada.	190,834	217,904
All Nations Trust Company loan, payment of \$1,869 per month including interest at 1.97% per annum, maturing November 1, 2022, secured by a Ministerial Loan Guarantee from Indigenous Services Canada.	99,948	120,394
All Nations Trust Company loan, payment of \$4,388 per month including interest at 1.31% per annum, maturing December 1, 2036, secured by a Ministerial Loan Guarantee from Indigenous Services Canada.	875,289	916,223
	5,446,198	5,932,833
Callable portion	3,980,294	4,331,287
Current portion	114,914	128,740
	\$ 1,350,990	\$ 1,472,806

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

2019	\$ 4,095,208
2020	107,408
2021	107,102
2022	108,659
2023 and thereafter	1,027,821
	\$ 5,446,198

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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, 2018

13. SEGMENTED INFORMATION, continued

	Administration Programs			Health Programs			Social Development		
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues									
Indigenous Services Canada	\$ 319,297	\$ 506,312	\$ 334,087	-	\$ -	\$ -	\$ 546,743	\$ 545,682	\$ 502,166
First Nations Health Authority	-	-	-	958,316	1,053,087	958,316	-	-	-
Property tax assessed	551,033	422,986	262,922	-	-	-	-	-	-
Province of British Columbia	-	91,750	-	122,664	160,746	-	58,512	61,824	60,209
Other revenue	278,106	312,693	239,650	57,810	143,057	204,928	-	1,739	7,700
Total revenue	1,148,436	1,333,741	836,659	1,138,790	1,356,890	1,163,244	605,255	609,245	570,075
Expenses									
Insurance	22,455	19,754	22,419	5,000	3,118	6,202	-	-	-
Materials and supplies	48,475	38,036	25,870	38,646	23,906	16,369	6,220	979	1,004
Professional fees	57,500	3,009	39,373	20,000	20,000	20,000	-	-	-
Repairs and maintenance	9,000	7,219	8,616	13,000	10,249	12,448	-	-	-
Travel	13,808	15,593	14,044	36,076	47,770	30,276	9,500	11,939	10,162
Wages and benefits	384,138	398,412	341,978	578,388	552,624	583,847	156,266	148,051	146,633
Other expenses	359,275	767,755	505,507	345,444	313,577	267,162	493,185	436,816	451,997
Total expenses	894,651	1,249,778	957,807	1,036,554	971,244	936,304	665,171	597,785	609,796
Annual surplus (deficit)	\$ 253,785	\$ 83,963	\$(121,145)	\$ 102,236	\$ 385,646	\$ 226,938	\$(59,916)	\$ 11,460	\$(39,722)

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

13. SEGMENTED INFORMATION, continued

	Education Programs			Natural Resources Programs			Capital Programs		
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues									
Indigenous Services Canada	\$ 738,789	\$ 742,578	\$ 701,389	\$ 35,000	\$ 47,010	\$ 115,080	\$ 220,000	\$ 1,926,312	\$ 54,400
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	28,647	55,617
Province of British Columbia	44,000	34,676	40,965	-	6,555	-	-	-	-
Rental	-	-	-	-	-	-	-	21,701	-
Other revenue	85,500	119,390	141,056	363,927	508,108	358,055	-	(1,024,941)	37,070
Total revenue	868,289	896,644	883,410	398,927	561,673	473,135	220,000	951,719	147,087
Expenses									
Insurance	6,370	6,347	6,507	500	375	-	-	-	-
Loan payments	-	-	-	-	-	-	508,000	515,834	(3,000)
Materials and supplies	30,000	35,366	31,248	6,967	5,967	16,627	-	-	8,094
Professional fees	-	-	-	15,208	20,473	18,094	-	-	13,163
Repairs and maintenance	15,435	7,744	2,150	-	-	625	-	2,214	-
Travel	2,500	15,840	(31,911)	15,011	12,453	8,085	-	68	518
Wages and benefits	432,511	446,751	379,680	312,225	279,566	257,990	-	2,857	9,042
Other expenses	372,586	206,400	400,499	193,706	197,635	154,194	-	357,165	908,459
Total expenses	859,402	718,448	788,173	543,617	516,469	455,615	508,000	878,138	936,276
Annual surplus (deficit)	\$ 8,887	\$ 178,196	\$ 95,237	(144,690)\$	45,204	17,520	(288,000)\$	73,581	(789,188)

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

13. SEGMENTED INFORMATION, continued

	Public Works Programs			Chief and Council Programs			Social Housing Fund		
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues									
Indigenous Services Canada	\$ 194,657	\$ 219,406	\$ 354,810	-	-	-	-	-	-
Canada Mortgage and Housing Corporation	-	13,040	-	-	-	-	88,008	87,918	88,968
First Nations Health Authority	52,244	55,117	52,244	-	-	-	-	-	-
Forestry	-	-	-	383,000	383,314	418,187	-	-	-
Province of British Columbia	-	-	-	276,139	460,139	47,122	-	-	-
Rental	87,760	107,451	107,154	-	-	-	146,772	146,137	142,184
Other revenue	75,000	25,034	9,522	1,600	6,104	39,729	-	5,974	5,611
Total revenue	409,661	420,048	523,730	660,739	849,557	505,038	234,780	240,029	236,763
Expenses									
Amortization	-	-	-	-	-	-	-	119,732	117,143
Insurance	19,893	22,867	16,755	-	-	-	13,186	14,739	14,739
Loan payments	-	-	148,013	-	-	-	-	119,732	117,143
Materials and supplies	7,000	63,120	4,368	5,422	5,927	4,803	-	-	-
Professional fees	-	-	-	1,511	4,061	8,157	38,746	7,540	7,550
Repairs and maintenance	28,550	61,515	38,946	-	-	-	10,770	31,209	25,615
Travel	6,250	14,092	6,640	15,213	17,419	15,898	-	-	-
Wages and benefits	228,216	203,824	157,629	96,464	100,375	52,534	-	-	-
Other expenses	310,958	246,496	526,959	353,617	348,571	222,193	121,689	39,610	40,599
Total expenses	600,867	611,914	899,310	472,227	476,353	303,585	184,391	332,562	322,789
Other	(191,206)	(191,866)	(375,580)	188,512	373,204	201,453	50,389	(92,533)	(86,026)
Annual surplus (deficit)	\$ (191,206)	\$ (191,866)	\$ (375,580)	\$ 188,512	\$ 373,204	\$ 201,453	\$ 50,389	\$ 27,199	\$ 31,117

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

13. SEGMENTED INFORMATION, continued

	2018 Budget	Capital Fund 2018 Actual	2017 Actual	2018 Budget	Trust Funds 2018 Actual	2017 Actual	2018 Budget	Enterprise Fund 2018 Actual	2017 Actual
Revenues									
Rental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,187	\$ 7,650
Other revenue	-	-	-	-	131,862	1,305	-	845,057	(57,500)
Total revenue	-	-	-	-	131,862	1,305	-	867,244	(49,850)
Expenses									
Amortization	-	294,255	269,469	-	-	-	-	2,579	2,579
Insurance	-	-	-	-	-	-	-	1,769	1,769
Materials and supplies	-	-	-	-	-	-	-	80	-
Professional fees	-	-	-	-	-	-	-	2,490	2,425
Repairs and maintenance	-	-	-	-	-	-	-	638	-
Other expenses	-	-	-	-	-	-	-	12,372	13,419
Total expenses	-	294,255	269,469	-	-	-	-	19,928	20,192
Other	-	(294,255)	(269,469)	-	131,862	1,305	-	847,316	(70,042)
	-	650,606	1,138,510	-	-	-	-	-	-
Annual surplus (deficit)	\$ -	\$ 356,351	\$ 869,041	\$ -	\$ 131,862	\$ 1,305	\$ -	\$ 847,316	\$ (70,042)

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

13. SEGMENTED INFORMATION, continued

	2018 Budget	Consolidated totals 2018 Actual	2017 Actual
Revenues			
Indigenous Services Canada	\$ 2,054,486	\$ 3,987,300	\$ 2,061,932
Canada Mortgage and Housing Corporation	88,008	129,605	144,585
First Nations Health Authority	1,010,560	1,108,204	1,010,560
Forestry	383,000	383,314	418,187
Property tax assessed	551,033	422,986	262,922
Province of British Columbia	501,315	815,690	148,296
Rental	234,532	297,476	256,988
Other revenue	861,943	1,074,077	987,126
Total revenue	5,684,877	8,218,652	5,290,596
Expenses			
Amortization	-	416,566	389,191
Insurance	67,404	68,969	68,391
Loan payments	508,000	635,566	262,156
Materials and supplies	142,730	173,381	108,383
Professional fees	132,965	57,573	108,762
Repairs and maintenance	76,755	120,788	88,400
Travel	98,358	135,174	53,712
Wages and benefits	2,188,208	2,132,460	1,929,333
Other expenses	2,550,460	2,926,397	3,490,989
Total expenses	5,764,971	6,666,874	6,499,318
	(60,094)	1,551,778	(1,208,722)
Other	-	770,338	1,255,653
Annual surplus (deficit)	\$ (60,094)	\$ 2,322,116	\$ 46,931

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

14. CONTINGENT LIABILITIES

a) Indigenous Services Canada

Under the terms of the contribution agreements with Indigenous Services 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 \$560,301.