

LOWER SIMILKAMEEN INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2023

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CONSOLIDATED FINANCIAL STATEMENTS

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Page

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

| | |
|--|--------|
| Consolidated Statement of Financial Position | 1 |
| Consolidated Statement of Change in Net Financial Assets | 2 |
| Consolidated Statement of Operations and Accumulated Surplus | 3 |
| Consolidated Statement of Cash Flows | 4 |
| Notes to Consolidated Financial Statements | 5 - 23 |

LOWER SIMILKAMEEN INDIAN BAND

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2023

The accompanying consolidated financial statements of Lower Similkameen Indian Band are the responsibility of management and have been approved by the Chief and Council.


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

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

The Lower Similkameen Indian Band Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review 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.



Chief


Councillor

March 15, 2024
Date
March 15, 2024
Date

Independent Auditors' Report

To the Members of
Lower Similkameen Indian Band

Opinion

We have audited the consolidated financial statements of Lower Similkameen Indian Band, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2023, and the results of its consolidated operations, its changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Public Sector Accounting Standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.


Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit 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.

- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

KELOWNA, B.C.
MARCH 15, 2024

LOWER SIMILKAMEEN INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| As at March 31 | 2023 | 2022 |
|--------------------------------------|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents | \$ 8,672,515 | \$ 10,097,291 |
| Restricted cash (Note 3) | 1,078,747 | 1,108,726 |
| Accounts receivable (Note 4) | 2,951,949 | 2,426,709 |
| Due from related parties (Note 2) | 377,813 | 357,298 |
| Rents receivables | 44,706 | 67,179 |
| Temporary investments (Note 5) | 7,793,111 | 1,725,837 |
| Long-term investments (Note 7) | 3,437,380 | 2,632,158 |
| | 24,356,221 | 18,415,198 |
| LIABILITIES | | |
| Accounts payable (Note 9) | 804,492 | 966,697 |
| Deferred revenue (Note 10) | 4,877,930 | 3,985,653 |
| Due to related parties (Note 11) | 81,137 | 106,379 |
| Long-term debt (Note 12) | 5,444,449 | 5,687,118 |
| Replacement Reserve Fund (Note 6) | 257,817 | 371,979 |
| | 11,465,825 | 11,117,826 |
| NET FINANCIAL ASSETS | 12,890,396 | 7,297,372 |
| NON-FINANCIAL ASSETS | | |
| Capital assets (Note 15) | 17,414,368 | 17,146,512 |
| Prepaid expenses | 52,437 | 29,195 |
| | 17,466,805 | 17,175,707 |
| ACCUMULATED SURPLUS (Note 13) | \$ 30,357,201 | \$ 24,473,079 |

APPROVED ON BEHALF OF THE LOWER SIMILKAMEEN INDIAN BAND

, Chief

, Band Administrator

LOWER SIMILKAMEEN INDIAN BAND

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

| For the year ended March 31 | 2023 Budget | 2023 Actual | 2022 |
|--|----------------|----------------|--------------|
| ANNUAL SURPLUS | \$ 8,768,180 | \$ 5,884,122 | \$ 2,863,690 |
| Acquisition of tangible capital assets | - | (930,544) | (3,261,840) |
| Amortization of tangible capital assets | - | 575,936 | 536,710 |
| Disposal of tangible capital assets | - | 86,752 | 800,002 |
| | - | (267,856) | (1,925,128) |
| Acquisition of prepaid asset | (23,242) | (52,437) | (29,195) |
| Use of prepaid asset | - | 29,195 | 67,878 |
| | (23,242) | (23,242) | 38,683 |
| INCREASE IN NET FINANCIAL ASSETS | 8,744,938 | 5,593,024 | 977,245 |
| NET FINANCIAL ASSETS AT BEGINNING OF YEAR | - | 7,297,372 | 6,320,127 |
| NET FINANCIAL ASSETS AT END OF YEAR | \$ - | \$ 12,890,396 | \$ 7,297,372 |

LOWER SIMILKAMEEN INDIAN BAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31

| | 2023 Budget | 2023 Actual | 2022 Actual |
|---|----------------|----------------|----------------|
| REVENUE | | | |
| Indigenous Services Canada | \$ 6,169,762 | \$ 6,127,614 | \$ 5,270,995 |
| General revenue | 2,194,335 | 2,393,963 | 1,213,898 |
| Province of British Columbia | 3,065,945 | 2,258,363 | 4,295,895 |
| Forestry | 1,563,000 | 1,568,968 | 556,748 |
| First Nations Health Authority | 1,268,230 | 1,292,730 | 1,405,033 |
| Share of income (loss) from GBEs | - | 805,222 | (865,705) |
| Environment Canada | 658,000 | 614,300 | 437,000 |
| First Nations Education Steering Committee | 468,672 | 532,306 | 961,828 |
| Interest | 350,000 | 476,301 | 65,194 |
| Rental | 170,000 | 339,800 | 315,425 |
| Property tax assessed | - | 294,241 | 280,037 |
| Referrals | 177,500 | 161,306 | 160,877 |
| Canada Mortgage and Housing Corporation | - | 139,304 | 128,392 |
| Okanagan Nation Alliance | 128,345 | 129,716 | 156,487 |
| Insurance proceeds | - | 122,000 | 103,000 |
| Other | 1,475,225 | 121,833 | 111,940 |
| | 17,689,014 | 17,377,967 | 14,597,044 |
| EXPENSES | | | |
| Administration | 1,710,354 | 1,444,685 | 1,854,722 |
| Health | 2,342,464 | 1,694,874 | 1,138,268 |
| Social Development | 866,473 | 767,535 | 972,216 |
| Education | 3,122,714 | 2,649,809 | 2,612,657 |
| Lands and Resources | 2,023,445 | 1,573,445 | 1,427,634 |
| Capital | 963,260 | 503,954 | 1,011,818 |
| Public Works | 894,263 | 623,379 | 680,486 |
| Chief and Council | 1,126,439 | 595,263 | 376,080 |
| Social Housing | - | 313,179 | 273,254 |
| Capital Fund | - | 435,444 | 418,438 |
| | 13,049,412 | 10,601,567 | 10,765,573 |
| ANNUAL SURPLUS BEFORE OTHER | 4,639,602 | 6,776,400 | 3,831,471 |
| OTHER | | | |
| Transfer to deferred revenue | 58,719 | (4,877,930) | (3,985,652) |
| Transfer from deferred revenue | 4,070,159 | 3,985,652 | 3,017,875 |
| | 4,128,878 | (892,278) | (967,777) |
| ANNUAL SURPLUS | 8,768,180 | 5,884,122 | 2,863,690 |
| ACCUMULATED SURPLUS AT BEGINNING OF YEAR | - | 24,473,079 | 21,609,389 |
| ACCUMULATED SURPLUS AT END OF YEAR | \$ 8,768,180 | \$ 30,357,201 | \$ 24,473,079 |

LOWER SIMILKAMEEN INDIAN BAND

CONSOLIDATED STATEMENT OF CASH FLOWS

| For the year ended March 31, 2023 | 2023 | 2022 |
|--|---------------------|----------------------|
| OPERATING ACTIVITIES | | |
| ANNUAL SURPLUS | \$ 5,884,122 | \$ 2,863,690 |
| Amortization of tangible capital assets | 575,936 | 536,710 |
| Share of loss (income) of First Nation Controlled entities | (805,222) | 865,705 |
| Capital surplus adjustment | - | 111,188 |
| | 5,654,836 | 4,377,293 |
| Change in non-cash operating working capital | (6,023,133) | 789,041 |
| | (368,297) | 5,166,334 |
| CAPITAL ACTIVITIES | | |
| Purchase of tangible capital assets | (930,542) | (3,261,840) |
| Proceeds on disposal of tangible capital assets | 86,752 | 800,002 |
| | (843,790) | (2,461,838) |
| FINANCING ACTIVITIES | | |
| Repayment of long-term debt | (295,014) | (295,605) |
| Proceeds from long-term debt | 52,346 | 602,628 |
| | (242,668) | 307,023 |
| INVESTING ACTIVITIES | | |
| Change in restricted cash | 29,979 | (6,327) |
| INCREASE IN CASH AND CASH EQUIVALENTS | (1,424,776) | 3,005,192 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 10,097,291 | 7,092,099 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 8,672,515 | \$ 10,097,291 |

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

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.

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

Organizations accounted for on a modified equity basis include:

6. 0783309 B.C. Ltd.
7. Lower Similkameen Community Forests Ltd.
8. Smelqmix Investments Ltd
9. Smelqmix Investments Limited Partnership
10. Skulqalt Forestry Ltd.
11. 1161649 BC Ltd.

(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, 2023

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

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Council.

(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) Use of Estimates

In preparing the consolidated financial statements for the First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include collectability of accounts receivable, useful life of tangible assets and accounts payable and accruals. Actual results could differ from these estimates.

(j) 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.

(k) 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, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(l) Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

(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:

| | |
|------------------------|-------------------------------|
| Leasehold improvements | 20 years Straight line |
| Buildings | 20 to 75 years Straight line |
| Road | 70 to 100 years Straight line |
| Campground | 20 years Straight line |
| Equipment | 5 years Straight line |
| Automotive equipment | 5 years Straight line |
| Infrastructure | 50 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, 2023

2. SUBSEQUENT EVENTS

On [Month day year], [description of the nature of the event(s) including the financial effect and/or estimate].

3. DUE FROM RELATED PARTIES

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Others | \$ 10,527 | \$ 6,824 |
| Smelqmix Investment LP | 250,000 | 250,000 |
| Lower Similkameen Development Corporation | 117,286 | 100,474 |
| | \$ 377,813 | \$ 357,298 |

4. 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.

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Replacement Reserve Fund - restricted cash | \$ 284,486 | \$ 345,426 |
| Operating Reserve Fund - restricted cash | 303,809 | 295,076 |
| Ottawa Trust Funds - restricted cash | 342,482 | 330,986 |
| Firehall Reserve Fund - restricted cash | 44,978 | 39,500 |
| Capital Reserve Fund - restricted cash | 86,840 | 86,754 |
| Band School Reserve Fund - restricted cash | 16,152 | 10,984 |
| | \$ 1,078,747 | \$ 1,108,726 |

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

5. ACCOUNTS RECEIVABLE

| | 2023 | 2022 |
|---|--------------|--------------|
| Accounts receivable - general | \$ 361,090 | \$ 408,681 |
| Copper Mountain Mine | 318,034 | 1,035,550 |
| Environment and Climate Change Canada | 64,525 | 120,000 |
| First Nation Education Steering Committee | 139,217 | 145,917 |
| First People Heritage Language & Culture | 36,250 | - |
| Indigenous Services Canada | 79,697 | 166,631 |
| Interest receivable | 32,410 | - |
| Member loans | 49,064 | 49,314 |
| Ministry of Natural Resource | 44,992 | - |
| Ministry of Transportation & Infrastructure | - | 29,832 |
| Natural Resource Canada | 30,000 | - |
| Okanagan Nation Alliance | 64,858 | 78,243 |
| Parks Canada | - | 305,000 |
| Province of British Columbia | 1,858,652 | 223,500 |
| | 3,078,789 | 2,562,668 |
| Allowance for doubtful accounts | (126,840) | (137,454) |
| | \$ 2,951,949 | \$ 2,426,709 |

6. TEMPORARY INVESTMENT

The temporary investments are GICs, which mature on February 1, 2024 at 4.20% interest rate, February 8, 2024 at 5.25% interest rate, and November 11, 2027 at 5.10% interest rate.

7. REPLACEMENT RESERVE FUND

The Replacement Reserve is established in accordance with the Operating Agreements with CMHC for on-reserve housing. Funds are required to be set aside annually and held for future replacements of capital items related to the homes.

| | 2023 | 2022 |
|--|------------|------------|
| Balance, beginning of year | \$ 371,979 | \$ 366,071 |
| Interest | 9,147 | 1,391 |
| Expenditures | (44,524) | (30,225) |
| Appropriations from the Operating Fund | 33,980 | 34,742 |
| Transfer of matured unit equity | (112,765) | - |
| | \$ 257,817 | \$ 371,979 |

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

8. LONG-TERM INVESTMENTS

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Investments not subject to control | | |
| Shares in All Nations Trust Company - held at cost | \$ 41,852 | \$ 41,852 |
| Investment in BC First Nations Gaming Revenue Sharing General Partner Inc. - held at cost | 10 | 10 |
| Investment in BC First Nations Gaming Revenue Sharing Limited Partnership - held at cost | 100 | 100 |
| | 41,962 | 41,962 |
| Investments subject to control | | |
| Investment in Lower Similkameen Community Forests Ltd. | (13,189) | (13,880) |
| Investment in 0783309 B.C. Ltd. | | |
| Share capital | 1 | 1 |
| Accumulated earnings (deficit) | (316) | (316) |
| | (315) | (315) |
| Investment in Smelqmix Investment Limited Partnership | | |
| Accumulated equity | 3,416,111 | 2,611,688 |
| Investment in Smelqmix Investment Ltd. | | |
| Share capital | 1 | 1 |
| Accumulated earnings (deficit) | (3,520) | (3,600) |
| | (3,519) | (3,599) |
| Investment in Skulqalt Forestry Ltd. | | |
| Share capital | 1 | 1 |
| Accumulated deficit | (887) | (915) |
| | (886) | (914) |
| Investment in 1161649 B.C. Ltd. | (2,784) | (2,784) |
| | \$ 3,437,380 | \$ 2,632,158 |

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

9. GOVERNMENT BUSINESSES

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.

| | 0783309 B.C. Ltd | Smelqmix Investments Limited Partnership | Smelqmix Investments Ltd. | Skulqalt Forestry Ltd. | Lower Similkameen Community Forests Ltd. |
|-------------------------------------|---------------------|---|---------------------------------|---------------------------|---|
| Cash | \$ - | \$ 609,128 | \$ - | \$ - | \$ - |
| Accounts receivable | - | 200 | - | - | - |
| Other assets | - | 3,276,780 | - | 314 | 80 |
| Total assets | \$ - | \$ 3,886,108 | \$ - | \$ 314 | \$ 80 |
| Accounts payable | \$ - | \$ 40,846 | \$ - | \$ - | \$ 1,100 |
| Long-term debt | - | 250,000 | - | - | - |
| Other liabilities | 315 | 180,130 | 3,519 | 1,199 | 12,169 |
| Total liabilities | 315 | 470,976 | 3,519 | 1,199 | 13,269 |
| Equity | (315) | 3,415,132 | (3,519) | (885) | (13,189) |
| Total liabilities and equity | \$ - | \$ 3,886,108 | \$ - | \$ 314 | \$ 80 |
| | | | | | |
| | 0783309 B.C. Ltd | Smelqmix Investments Limited Partnership | Smelqmix Investments Ltd. | Skulqalt Forestry Ltd. | Lower Similkameen Community Forests Ltd. |
| Revenue | | | | | |
| Income | \$ - | \$ 146,348 | \$ 80 | \$ 28 | \$ - |
| Income (loss) from partnership | - | 960,342 | - | - | 691 |
| Revenue | - | 1,106,690 | 80 | 28 | 691 |
| Expenses | | | | | |
| Cost of sales | - | 26,363 | - | - | - |
| Expenses | - | 275,824 | - | - | - |
| Expenses | - | 302,187 | - | - | - |
| Net income (loss) | \$ - | \$ 804,503 | \$ 80 | \$ 28 | \$ 691 |

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

10. ACCOUNTS PAYABLE

| | 2023 | 2022 |
|----------------------|-------------------|-------------------|
| Trade payables | \$ 635,863 | \$ 664,751 |
| School district | 52,373 | 97,430 |
| Payroll payable | 50,444 | 136,232 |
| Vacation pay payable | 65,812 | 68,284 |
| | \$ 804,492 | \$ 966,697 |

11. DEFERRED REVENUE

| | March 31, 2022 | Funding received, 2023 | Revenue recognized, 2023 | March 31, 2023 |
|---|---------------------|------------------------------|--------------------------------|---------------------|
| Federal government | | | | |
| First Nation Education Steering Committee | \$ 498,219 | \$ 236,826 | \$ (335,007) | \$ 400,038 |
| Indigenous Services Canada - NTG7 | 261,872 | - | (17,786) | 244,086 |
| Indigenous Services Canada - NTKC | 58,719 | - | (5,606) | 53,113 |
| Environment and Climate Change Canada | 108,000 | 108,000 | (216,000) | - |
| Indigenous Services Canada - Q40U, Q3AV, Q3ZO | 384,545 | 393,465 | (321,489) | 456,521 |
| Indigenous Services Canada - Q3O1-001 | 184,534 | - | (108,024) | 76,510 |
| Indigenous Services Canada - Q2KR, Q2KQ | 388,995 | 1,097,762 | (109,777) | 1,376,980 |
| First Nations Health Authority | 99,006 | - | - | 99,006 |
| | 1,983,890 | 1,836,053 | (1,113,689) | 2,706,254 |
| Provincial Government | | | | |
| BC First Nations Gaming Revenue | 564,680 | 401,620 | (178,354) | 787,946 |
| Province of British Columbia - New School Construction | 1,437,083 | - | (248,250) | 1,188,833 |
| Province of BC | - | 194,897 | - | 194,897 |
| | 2,001,763 | 596,517 | (426,604) | 2,171,676 |
| | \$ 3,985,653 | \$ 2,432,570 | \$ (1,540,293) | \$ 4,877,930 |

12. DUE TO RELATED PARTIES

| | 2023 | 2022 |
|---|------------------|-------------------|
| Skulqalt Forestry Limited Partnership | \$ 52,403 | \$ 73,364 |
| Smelqmix Investment Limited Partnership | 25,031 | 30,640 |
| Others | 3,703 | 2,375 |
| | \$ 81,137 | \$ 106,379 |

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

13. LONG-TERM DEBT

| | 2023 | 2022 |
|---|--------------|--------------|
| Bank of Montreal construction loan payable on demand. Interest calculated at prime plus 0.50% per annum. Secured by a general charge against operations. | \$ 25,373 | \$ 27,882 |
| Bank of Montreal construction loan payable on demand. Interest calculated at 4.24% per annum. Secured by a general charge against operations. | 2,877,943 | 2,991,282 |
| Bank of Montreal construction loan payable on demand. Scheduled monthly payments of \$3,005 with interest at 4.24% per annum. Secured by a general charge against operations. | 458,104 | 476,413 |
| Bank of Montreal loan payable, payment of \$401 per month including interest at prime plus 0.50%. Secured by a general charge against operations. | 31,816 | 34,966 |
| Bank of Montreal loan payable, payment of \$320 per month including interest at prime plus 0.50%. Secured by a general charge against operations. | 29,377 | 32,197 |
| Indigenous Claims Loan, be made payable on earlier of March 31, 2027 or the date on which the claim is settled. | 52,346 | - |
| All Nations Trust Company loan, payment of \$518 per month including interest at 4.25% per annum, with no set maturity date, secured by a Ministerial Loan Guarantee from Indigenous Services Canada. | 28,152 | 33,053 |
| All Nations Trust Company loan, payment of \$1,919 per month including interest at 2.39% per annum, maturing January 1, 2023, secured by a Ministerial Loan Guarantee from Indigenous Services Canada. | - | 18,908 |
| All Nations Trust Company loan, payment of \$2,483 per month including interest at 1.73% per annum, maturing December 1, 2024, secured by a Ministerial Loan Guarantee from Indigenous Services Canada. | 51,326 | 79,973 |
| 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. | - | 14,843 |
| 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. | 663,401 | 706,311 |
| All Nations Trust Company loan, payment of \$3,413 per month including interest at 2.49% per annum, maturing May 1, 2043, secured by a Ministerial Loan Guarantee from Indigenous Services Canada. | 649,763 | 674,301 |
| All Nations Trust Company loan, payment of \$2,416 per month including interest at 1.51% per annum, maturing November 1, 2046, secured by a Ministerial Guarantee from Indigenous Service Canada. | 576,848 | 596,989 |
| | \$ 5,444,449 | \$ 5,687,118 |

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

13. LONG-TERM DEBT, continued

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

| | | |
|---------------------|----|-----------|
| 2024 | \$ | 260,210 |
| 2025 | | 262,900 |
| 2026 | | 251,329 |
| 2027 | | 262,027 |
| 2028 and thereafter | | 4,407,983 |

\$ 5,444,449

14. ACCUMULATED SURPLUS

| | 2023 | 2022 |
|---------------------|----------------------|----------------------|
| Unrestricted | | |
| Operating Fund | \$ 14,301,444 | \$ 9,794,917 |
| Capital Fund | 12,352,920 | 11,778,338 |
| Enterprise Funds | 3,395,528 | 2,590,306 |
| | 30,049,892 | 24,163,561 |
| Restricted | | |
| Social Housing Fund | (35,173) | (21,468) |
| Trust Funds | 342,482 | 330,986 |
| | 307,309 | 309,518 |
| | \$ 30,357,201 | \$ 24,473,079 |

15. 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 \$302,756 to date.

The First Nation has provided a guarantee to Bank of Montreal for Smelqmix Investments Limited Partnership for a term financial facility in the amount of \$411,750, overdraft facility in the amount of \$50,000 and Corporate credit card in the amount of \$25,000 from Bank of Montreal. In the case of default, Bank of Montreal may recover the outstanding amounts from the First Nation.

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

16. TANGIBLE CAPITAL ASSETS

| | Cost | | | | Accumulated amortization | | | | |
|---------------------------|----------------------------------|------------|---------------------------------|-------------------------|----------------------------------|--------------|---|-------------------------|------------------------|
| | Balance, beginning of year | Additions | Disposals and adjustments | Balance, end of year | Balance, beginning of year | Amortization | Accumulated amortization on disposals | Balance, end of year | 2023 net book value |
| Land | \$ 1,870,763 | \$ - | \$ - | \$ 1,870,763 | \$ - | \$ - | \$ - | \$ - | \$ 1,870,763 |
| Automotive equipment | 581,975 | 432,175 | (84,432) | 929,718 | 333,189 | 102,952 | (53,826) | 382,315 | 547,403 |
| Computer equipment | 113,705 | - | - | 113,705 | 113,705 | - | - | 113,705 | - |
| Campground | 165,109 | - | - | 165,109 | 165,109 | - | - | 165,109 | - |
| Equipment | 692,829 | 19,379 | - | 712,208 | 585,554 | 45,231 | - | 630,785 | 81,423 |
| Leasehold improvements | 60,539 | - | - | 60,539 | 50,990 | 1,463 | - | 52,453 | 8,086 |
| Roads | 957,617 | - | - | 957,617 | 580,221 | 12,656 | - | 592,877 | 364,740 |
| Buildings | 15,289,839 | 56,146 | (1,000,011) | 14,345,974 | 5,249,586 | 326,478 | (943,865) | 4,632,199 | 9,713,775 |
| Infrastructure | 4,425,809 | - | - | 4,425,809 | 631,562 | 87,156 | - | 718,718 | 3,707,091 |
| Assets under construction | 698,243 | 422,844 | - | 1,121,087 | - | - | - | - | 1,121,087 |
| | \$ 24,856,428 | \$ 930,544 | \$ (1,084,443) | \$ 24,702,529 | \$ 7,709,916 | \$ 575,936 | \$ (997,691) | \$ 7,288,161 | \$ 17,414,368 |

| | Cost | | | | Accumulated amortization | | | | |
|---------------------------|----------------------------------|--------------|---------------------------------|-------------------------|----------------------------------|--------------|---|-------------------------|------------------------|
| | Balance, beginning of year | Additions | Disposals and adjustments | Balance, end of year | Balance, beginning of year | Amortization | Accumulated amortization on disposals | Balance, end of year | 2022 Net book value |
| Land | \$ 161,475 | \$ 1,754,585 | \$ (45,297) | \$ 1,870,763 | \$ - | \$ - | \$ - | \$ - | \$ 1,870,763 |
| Automotive equipment | 550,507 | 78,375 | (46,907) | 581,975 | 282,159 | 83,765 | (32,735) | 333,189 | 248,786 |
| Computer equipment | 126,723 | - | (13,018) | 113,705 | 114,131 | 1,693 | (2,119) | 113,705 | - |
| Campground | 165,109 | - | - | 165,109 | 165,109 | - | - | 165,109 | - |
| Equipment | 680,287 | 13,633 | (1,091) | 692,829 | 529,562 | 56,043 | (51) | 585,554 | 107,275 |
| Leasehold improvements | 65,046 | - | (4,507) | 60,539 | 49,751 | 1,464 | (225) | 50,990 | 9,549 |
| Roads | 957,617 | - | - | 957,617 | 567,565 | 12,656 | - | 580,221 | 377,396 |
| Buildings | 14,208,047 | 1,168,379 | (86,587) | 15,289,839 | 5,041,547 | 294,625 | (86,586) | 5,249,586 | 10,040,253 |
| Infrastructure | 4,382,394 | 43,415 | - | 4,425,809 | 545,098 | 86,464 | - | 631,562 | 3,794,247 |
| Assets under construction | 1,219,101 | 203,453 | (724,311) | 698,243 | - | - | - | - | 698,243 |
| | \$ 22,516,306 | \$ 3,261,840 | \$ (921,718) | \$ 24,856,428 | \$ 7,294,922 | \$ 536,710 | \$ (121,716) | \$ 7,709,916 | \$ 17,146,512 |

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

17. COMPARATIVE AMOUNTS

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

18. CONTAMINATED SITES

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Band is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2023.

At each financial reporting date, the Band reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Band continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

As of March 31, 2022 and March 31, 2023 the band does not recognize any liability for contaminated sites.

19. 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.

20. LEASES

The nature of Lower Similkameen Indian Band's activities can result in some multi-year leases whereby it will be obligated to make future payments. Lease payments required under contract over the next year is 2024 \$66,780.

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

21. 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.

The Lands and Resources includes exploration of natural resources, development of natural resource revenues and the management of all reserve lands.

The Public Works department manages the infrastructure and servicing requirements such as water, sewage, roads and member facilities for the Band.

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, 2023

21. SEGMENTED INFORMATION, continued

| | Administration Programs | | | Health Programs | | | Social Development Programs | | |
|--------------------------------|-------------------------|----------------|----------------|-----------------|----------------|----------------|-----------------------------|----------------|----------------|
| | 2023 Budget | 2023 Actual | 2022 Actual | 2023 Budget | 2023 Actual | 2022 Actual | 2023 Budget | 2023 Actual | 2022 Actual |
| Revenues | | | | | | | | | |
| Indigenous Services Canada | \$ 458,461 | \$ 466,454 | \$ 734,270 | \$ 719,014 | \$ 718,014 | \$ 110,500 | \$ 923,410 | \$ 923,009 | \$ 933,243 |
| First Nations Health Authority | - | - | - | 1,226,400 | 1,226,436 | 1,189,808 | - | - | 49,000 |
| Property tax assessed | - | 294,241 | 280,037 | - | - | - | - | - | - |
| Province of British Columbia | 20,000 | - | - | 460,394 | 469,988 | 315,837 | - | - | - |
| Other revenue | 2,042,000 | 729,920 | 175,258 | 232,445 | 204,764 | 245,504 | - | - | - |
| Total revenue | 2,520,461 | 1,490,615 | 1,189,565 | 2,638,253 | 2,619,202 | 1,861,649 | 923,410 | 923,009 | 982,243 |
| Expenses | | | | | | | | | |
| Insurance | 20,250 | 32,035 | 18,252 | 9,925 | 9,442 | 4,709 | - | - | - |
| Materials and supplies | 78,225 | 79,151 | 47,190 | 99,850 | 95,965 | 18,631 | 5,000 | 2,465 | 1,044 |
| Professional fees | 47,000 | 38,288 | 69,980 | 25,000 | 25,000 | - | - | - | - |
| Repairs and maintenance | 4,600 | 2,403 | 6,472 | 20,600 | 17,717 | 9,193 | - | - | - |
| Travel | 38,975 | 37,388 | 19,064 | 67,650 | 67,489 | 57,980 | 10,026 | 6,132 | 5,041 |
| Wages and benefits | 745,825 | 807,638 | 681,115 | 899,850 | 734,970 | 604,412 | 146,487 | 128,872 | 108,454 |
| Other expenses | 775,479 | 447,782 | 1,012,649 | 1,219,589 | 744,291 | 443,347 | 704,961 | 630,066 | 857,677 |
| Total expenses | 1,710,354 | 1,444,685 | 1,854,722 | 2,342,464 | 1,694,874 | 1,138,272 | 866,474 | 767,535 | 972,216 |
| Other | 810,107 | 45,930 | (665,157) | 295,789 | 924,328 | 723,377 | 56,936 | 155,474 | 10,027 |
| | - | - | - | - | (194,897) | - | - | - | - |
| Annual surplus (deficit) | \$ 810,107 | \$ 45,930 | \$(665,157) | \$ 295,789 | \$ 729,431 | \$ 723,377 | \$ 56,936 | \$ 155,474 | \$ 10,027 |

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

21. SEGMENTED INFORMATION, continued

| | Education Programs | | | Lands and Resources Programs | | | Capital Programs | | |
|--------------------------------|--------------------|----------------|----------------|------------------------------|----------------|----------------|------------------|----------------|----------------|
| | 2023 Budget | 2023 Actual | 2022 Actual | 2023 Budget | 2023 Actual | 2022 Actual | 2023 Budget | 2023 Actual | 2022 Actual |
| Revenues | | | | | | | | | |
| Indigenous Services Canada | \$ 1,728,943 | \$ 1,727,350 | \$ 1,536,982 | \$ 45,660 | \$ 47,159 | \$ 601,677 | \$ 601,843 | \$ 580,308 | \$ 391,797 |
| First Nations Health Authority | - | - | 110,006 | - | - | - | - | - | - |
| Province of British Columbia | 190,000 | 189,922 | 717,337 | 701,500 | 701,119 | - | - | - | - |
| Rental | - | - | - | - | - | - | - | - | 1,307 |
| Other revenue | 686,947 | 751,931 | 1,086,243 | 1,693,720 | 1,579,705 | 797,579 | 26,400 | - | 197,507 |
| Total revenue | 2,605,890 | 2,669,203 | 3,450,568 | 2,440,880 | 2,327,983 | 1,399,256 | 628,243 | 580,308 | 590,611 |
| Expenses | | | | | | | | | |
| Insurance | 3,500 | 8,445 | 7,487 | 8,500 | 7,300 | - | - | 5,536 | - |
| Loan payments | - | - | - | - | - | - | 136,500 | - | - |
| Materials and supplies | 127,225 | 118,806 | 159,529 | 28,306 | 26,068 | 9,272 | 3,250 | 2,121 | 9,847 |
| Professional fees | - | - | - | 33,600 | 32,002 | 7,334 | 62,500 | 12,550 | 96,203 |
| Repairs and maintenance | 12,125 | 12,127 | 29,121 | - | - | - | 2,100 | 1,733 | - |
| Travel | 16,800 | 14,401 | 16,191 | 87,131 | 61,234 | 26,922 | - | - | - |
| Wages and benefits | 962,511 | 939,964 | 879,898 | 265,179 | 251,712 | 268,988 | - | - | - |
| Other expenses | 2,000,553 | 1,556,066 | 1,520,431 | 1,600,729 | 1,195,129 | 1,115,118 | 758,910 | 482,014 | 905,768 |
| Total expenses | 3,122,714 | 2,649,809 | 2,612,657 | 2,023,445 | 1,573,445 | 1,427,634 | 963,260 | 503,954 | 1,011,818 |
| Other | (516,824) | 19,394 | 837,911 | 417,435 | 754,538 | (28,378) | (335,017) | 76,354 | (421,207) |
| | 570,551 | 98,182 | (373,636) | - | 216,024 | (42,534) | 2,147,100 | 199,664 | (257,330) |
| Annual surplus (deficit) | \$ 53,727 | \$ 117,576 | \$ 464,275 | \$ 417,435 | \$ 970,562 | \$ (70,912) | \$ 1,812,083 | \$ 276,018 | \$ (678,537) |

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

21. SEGMENTED INFORMATION, continued

| | Public Works Programs | | | Chief and Council Programs | | | | Social Housing | |
|---|-----------------------|----------------|----------------|----------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2023 Budget | 2023 Actual | 2022 Actual | 2023 Budget | 2023 Actual | 2022 Actual | 2023 Budget | 2023 Actual | 2022 Actual |
| Revenues | | | | | | | | | |
| Indigenous Services Canada | \$ 569,666 | \$ 567,558 | \$ 514,570 | \$ 1,122,765 | \$ 1,097,762 | \$ 447,956 | - | \$ - | \$ - |
| Canada Mortgage and Housing Corporation | - | - | - | - | - | - | - | 139,304 | 128,392 |
| First Nations Health Authority | 41,830 | 66,294 | 56,219 | - | - | - | - | - | - |
| Forestry | - | - | - | 1,563,000 | 1,563,161 | 555,540 | - | 5,807 | 1,208 |
| Province of British Columbia | - | - | - | 1,694,051 | 897,334 | 3,262,721 | - | - | - |
| Rental | 170,000 | 175,471 | 144,802 | - | - | - | - | 164,329 | 169,316 |
| Other revenue | 159,715 | 358,347 | 196,810 | 610,850 | 899,422 | 501,306 | - | 16,140 | 2,584 |
| Total revenue | 941,211 | 1,167,670 | 912,401 | 4,990,666 | 4,457,679 | 4,767,523 | - | 325,580 | 301,500 |
| Expenses | | | | | | | | | |
| Amortization | - | - | - | - | - | - | - | 140,492 | 118,269 |
| Insurance | 19,500 | 83,526 | 45,347 | - | - | - | - | 56,171 | 27,745 |
| Materials and supplies | 20,900 | 16,910 | 16,914 | 17,250 | 15,280 | 13,474 | - | - | - |
| Professional fees | 12,500 | 14,433 | 22,639 | 35,000 | 32,877 | 10,494 | - | 10,975 | 9,150 |
| Repairs and maintenance | 36,105 | 32,308 | 23,253 | - | - | - | - | 17,794 | 24,122 |
| Travel | 17,000 | 16,245 | 12,094 | 30,000 | 30,521 | 3,527 | - | - | - |
| Wages and benefits | 227,625 | 221,017 | 253,053 | 109,600 | 111,918 | 109,914 | - | - | - |
| Other expenses | 560,633 | 238,940 | 307,186 | 934,589 | 404,667 | 238,671 | - | 87,747 | 93,968 |
| Total expenses | 894,263 | 623,379 | 680,486 | 1,126,439 | 595,263 | 376,080 | - | 313,179 | 273,254 |
| Other | 46,948 | 544,291 | 231,915 | 3,864,227 | 3,862,416 | 4,391,443 | - | 12,401 | 28,246 |
| | - | - | - | 1,411,227 | (1,211,251) | (294,277) | - | - | - |
| Annual surplus (deficit) | \$ 46,948 | \$ 544,291 | \$ 231,915 | \$ 5,275,454 | \$ 2,651,165 | \$ 4,097,166 | - | \$ 12,401 | \$ 28,246 |

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

21. SEGMENTED INFORMATION, continued

| | 2023 Budget | Capital Fund 2023 Actual | 2022 Actual | 2023 Budget | Trust Funds 2023 Actual | 2022 Actual | 2023 Budget | Enterprise Funds 2023 Actual | 2022 Actual |
|--------------------------|----------------|--------------------------------|----------------|----------------|-------------------------------|----------------|----------------|------------------------------------|----------------|
| Revenues | | | | | | | | | |
| Other revenue | \$ - | \$ - | \$ - | \$ - | \$ 11,496 | \$ 7,433 | \$ - | \$ 805,222 | \$ (865,705) |
| Total revenue | - | - | - | - | 11,496 | 7,433 | - | 805,222 | (865,705) |
| Expenses | | | | | | | | | |
| Amortization | - | 435,444 | 418,438 | - | - | - | - | - | - |
| Total expenses | - | 435,444 | 418,438 | - | - | - | - | - | - |
| Other | - | (435,444) | (418,438) | - | 11,496 | 7,433 | - | 805,222 | (865,705) |
| Annual surplus (deficit) | \$ - | \$ (435,444) | \$ (418,438) | \$ - | \$ 11,496 | \$ 7,433 | \$ - | \$ 805,222 | \$ (865,705) |

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

21. SEGMENTED INFORMATION, continued

| | 2023 Budget | Consolidated totals 2023 Actual | 2022 Actual |
|---|----------------|---------------------------------------|----------------|
| Revenues | | | |
| Indigenous Services Canada | \$ 6,169,762 | \$ 6,127,614 | \$ 5,270,995 |
| Canada Mortgage and Housing Corporation | - | 139,304 | 128,392 |
| First Nations Health Authority | 1,268,230 | 1,292,730 | 1,405,033 |
| Forestry | 1,563,000 | 1,568,968 | 556,748 |
| Property tax assessed | - | 294,241 | 280,037 |
| Province of British Columbia | 3,065,945 | 2,258,363 | 4,295,895 |
| Rental | 170,000 | 339,800 | 315,425 |
| Other revenue | 5,452,077 | 5,356,947 | 2,344,519 |
| Total revenue | 17,689,014 | 17,377,967 | 14,597,044 |
| Expenses | | | |
| Amortization | - | 575,936 | 536,707 |
| Insurance | 61,675 | 202,455 | 103,540 |
| Loan payments | 136,500 | - | - |
| Materials and supplies | 380,006 | 356,766 | 275,901 |
| Professional fees | 215,600 | 166,125 | 215,800 |
| Repairs and maintenance | 75,530 | 84,082 | 92,161 |
| Travel | 267,582 | 233,410 | 140,819 |
| Wages and benefits | 3,357,077 | 3,196,091 | 2,905,834 |
| Other expenses | 8,555,443 | 5,786,702 | 6,494,815 |
| Total expenses | 13,049,413 | 10,601,567 | 10,765,577 |
| Other | 4,639,601 | 6,776,400 | 3,831,467 |
| | 4,128,878 | (892,278) | (967,777) |
| Annual surplus (deficit) | \$ 8,768,479 | \$ 5,884,122 | \$ 2,863,690 |

LOWER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

22. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Liquidity risk

The first Nation does have a liquidity risk in the accounts payable and accruals of \$804,492. Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the First Nation is low and is not material.

Credit risk

The First Nation does have credit risk in accounts receivable of \$2,951,949. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The First Nation reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The First Nation maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the First Nation is low and is not material.

Interest rate risk

The First Nation is exposed to interest rate risk due to the variable rate interest on their loans payable. Changes in the lending rates may cause fluctuations in cash flows and interest expense.

23. SUBSEQUENT EVENT REVIEW

1) On November 20, 2021, the Unit 27 - 1441 Hwy 3, Keremeos property owned by the First Nation, was damaged in a fire. Insurance proceeds of \$262,967 were approved in August 2023.

