

LOWER SIMILKAMEEN INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2023

LOWER SIMILKAMEEN INDIAN BAND

CONSOLIDATED FINANCIAL STATEMENTS

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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.

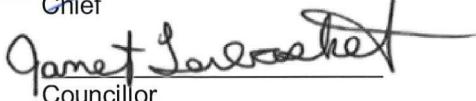
The Lower Similkameen Indian Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nation's assets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

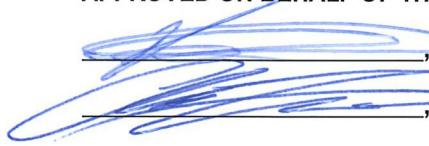
LOWER SIMILKAMEEN INDIAN BAND

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

(I) 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
	<hr/> \$ 377,813	<hr/> \$ 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
	<hr/> \$ 1,078,747	<hr/> \$ 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
Allowance for doubtful accounts	3,078,789 (126,840)	2,562,668 (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.	<u>576,848</u>	<u>596,989</u>
	<hr/> \$ 5,444,449	<hr/> \$ 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
	<hr/>
	\$ 5,444,449
	<hr/>

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
	<hr/>	<hr/>
	30,049,892	24,163,561
Restricted		
Social Housing Fund	(35,173)	(21,468)
Trust Funds	342,482	330,986
	<hr/>	<hr/>
	307,309	309,518
	<hr/>	<hr/>
	\$ 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				2023 net book value
	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	
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				2022 Net book value
	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	
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
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
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

	Capital Fund		Trust Funds		Enterprise Funds				
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	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

		Consolidated totals		
		2023 Budget	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.

