

# **UPPER SIMILKAMEEN INDIAN BAND**

---

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

# UPPER SIMILKAMEEN INDIAN BAND

---

## CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

Page

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

### INDEPENDENT AUDITOR'S 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

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

The accompanying consolidated financial statements of Upper Similkameen Indian Band and all the information in this annual report for the year ended March 31, 2016 are the responsibility of management and have been approved by the Chief and Council.

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

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

The Council reviews the Nation's 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 Council approves the financial statements for issuance to the Members. The Council also considers, for review and approval by the Members, the engagement of the external auditors.

The consolidated financial statements have been audited by Reid Hurst Nagy Inc., Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the Members. Reid Hurst Nagy Inc. has full access to the books and records of the Nation. Reid Hurst Nagy Inc. has full and free access to the Council for information purposes.

\_\_\_\_\_  
Chief

\_\_\_\_\_  
Date

\_\_\_\_\_  
Administrator

\_\_\_\_\_  
Date

## Independent Auditor's Report

To the Members of  
**Upper Similkameen Indian Band**

We have audited the accompanying consolidated financial statements of Upper Similkameen Indian Band, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, change in net financial assets, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Upper Similkameen Indian Band's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Upper Similkameen Indian Band's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Basis for Qualified Opinion*

Beginning April 1, 2009, generally accepted accounting principles for government entities required that the Band record the net value of tangible capital assets in its financial statements. The Band has not applied these new financial statement reporting standards. Because the Band did not provide us with a completed capital asset register reflecting the total cost of tangible capital assets owned by the Band and appropriate accumulated amortization and any impairment attributable to each of those assets, we were unable to determine the net value of the tangible capital assets that should have been recorded as an asset and the related amortization or impairment that should have been recorded as an expense in the current and prior year. Upon adoption of PS 1200 Financial Statement Presentation, the Band did not fully adopt all aspects of the standard as they relate to the aforementioned tangible capital assets as they have reported capital purchases and long-term debt payments as expenses and have not appropriately reported depreciation as an expense.

*Qualified opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Upper Similkameen Indian Band as at March 31, 2016 and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Reid Hurst Nagy Inc.*

REID HURST NAGY INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS

KELOWNA, B.C.  
SEPTEMBER 21, 2017

# UPPER SIMILKAMEEN INDIAN BAND

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

	2016	2015 (Note 2)
<b>FINANCIAL ASSETS</b>		
Cash	\$ 1,725,772	\$ 1,154,519
Restricted cash (Note 2)	335,579	150,589
Ottawa Trust Funds (Note 2)	342,450	336,087
Accounts receivable (Note 3)	333,265	542,272
Rents receivables	191,194	174,557
Advances to related parties (Note 4)	11,200	-
Funds held in trust (Note 5)	151,066	151,066
Long-term investments in First Nation controlled entities (Note 6)	870,461	806,989
	<b>3,960,987</b>	<b>3,316,079</b>
<b>LIABILITIES</b>		
Accounts payable	166,748	282,079
Advances from related parties (Note 4)	-	49,060
Long-term debt (Note 7)	972,520	1,224,520
	<b>1,139,268</b>	<b>1,555,659</b>
<b>NET FINANCIAL ASSETS</b>	<b>2,821,719</b>	<b>1,760,420</b>
<b>NON-FINANCIAL ASSETS</b>		
Capital assets (Note 10)	3,002,193	3,281,692
Prepaid expenses	20,458	19,185
Inventory	6,017	6,017
	<b>3,028,668</b>	<b>3,306,894</b>
<b>ACCUMULATED SURPLUS (Note 8)</b>	<b>\$ 5,850,387</b>	<b>\$ 5,067,314</b>
<b>MEMBERS' EQUITY</b>		
Equity in Operating Fund	\$ 2,087,628	\$ 1,383,348
Equity in Social Housing	845,126	811,161
Equity in Capital Fund	1,704,722	1,729,729
Equity in Ottawa Trust Fund	342,450	336,087
Equity in Enterprise Fund	870,461	806,989
<b>ACCUMULATED SURPLUS</b>	<b>\$ 5,850,387</b>	<b>\$ 5,067,314</b>

APPROVED ON BEHALF OF THE UPPER SIMILKAMEEN INDIAN BAND

 , Chief

 , Administrator

# UPPER SIMILKAMEEN INDIAN BAND

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015 (Note 2)
<b>ANNUAL SURPLUS</b>	<b>\$ 783,073</b>	<b>\$ 238,987</b>
Acquisition of tangible capital assets	(169,824)	(122,306)
Amortization of tangible capital assets	449,323	373,944
Disposal of tangible capital assets	-	5,832
	<b>279,499</b>	<b>257,470</b>
Acquisition of prepaid asset	(20,458)	(19,185)
Use of prepaid asset	19,185	64,257
Acquisition of inventory	(6,017)	(6,017)
Use of inventory	6,017	6,947
	<b>(1,273)</b>	<b>46,002</b>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>1,061,299</b>	<b>542,459</b>
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<b>1,760,420</b>	<b>1,217,961</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 2,821,719</b>	<b>\$ 1,760,420</b>

# UPPER SIMILKAMEEN INDIAN BAND

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

	2016	2016	2015 (Note 2)
<b>REVENUE</b>			
Indigenous and Northern Affairs Canada	\$ -	\$ 391,930	\$ 288,767
Logging income	-	2,004,276	2,001,088
General income	-	1,029,255	966,675
Province of BC	-	498,197	180,177
Equipment rental income	-	361,693	12,641
Enterprise fund	-	63,472	(433,331)
Administration revenue	-	203,398	75,410
First Nations Health Authority	-	181,140	210,468
Rental Income	-	102,400	97,920
Property tax income	-	73,465	74,616
CMHC subsidies	-	35,807	37,563
OTDC	-	35,324	77,131
First Nation Education Steering Committee	-	6,514	9,000
Ottawa Trust funds	-	6,363	7,244
Interest income	-	5,110	1,436
Miscellaneous	-	999	-
	-	<b>4,999,343</b>	<b>3,606,805</b>
<b>EXPENSES</b>			
Band Administration	-	769,618	553,927
Capital	-	37,510	32,608
Economic Development	-	2,873,499	2,436,785
Health	-	259,083	189,805
Education	-	68,119	61,187
Social Assistance	-	85,354	89,368
Social Housing	-	98,080	100,562
Capital Fund	-	395,375	324,805
	-	<b>4,586,638</b>	<b>3,789,047</b>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER</b>	-	<b>412,705</b>	<b>(182,326)</b>
<b>OTHER</b>			
Additions to capital assets	-	169,823	122,304
Principal reduction of long-term debt	-	200,545	361,989
Transfer of matured unit equity	-	-	(57,148)
Cost of disposals	-	-	(5,832)
	-	<b>370,368</b>	<b>421,313</b>
<b>ANNUAL SURPLUS</b>	-	<b>783,073</b>	<b>238,987</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	-	<b>5,067,314</b>	<b>4,828,327</b>
<b>FUND BALANCE, END OF YEAR</b>	\$ -	\$ <b>5,850,387</b>	\$ <b>5,067,314</b>

The accompanying notes are an integral part of the financial statements



# UPPER SIMILKAMEEN INDIAN BAND

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015 (Note 2)
<b>OPERATING ACTIVITIES</b>		
ANNUAL SURPLUS	\$ 783,073	\$ 238,987
Items not affecting cash		
Amortization	449,325	373,944
Share of income (loss) of First Nation controlled entities	(63,472)	433,331
Cost of capital assets sold	-	5,832
	1,168,926	1,052,094
Change in non-cash operating net assets	(175,851)	(74,958)
	993,075	977,136
<b>FINANCING ACTIVITIES</b>		
Repayment of Social Housing long-term debt	(51,454)	(49,139)
Repayment of Capital Fund long-term debt	(200,545)	(361,989)
	(251,999)	(411,128)
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(169,823)	(122,304)
<b>CHANGES IN CASH DURING THE YEAR</b>	571,253	443,704
<b>CASH, BEGINNING OF YEAR</b>	1,154,519	710,815
<b>CASH, END OF YEAR</b>	\$ 1,725,772	\$ 1,154,519

# UPPER SIMILKAMEEN INDIAN BAND

---

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of CPA Canada.

#### (a) Reporting Entity

The Upper Similkameen Indian Band reporting entity includes the Upper Similkameen Indian Band government and all related entities that are controlled by the First Nation.

#### (b) 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 and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Upper 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 Upper Similkameen Indian Band.

Organizations consolidated in Upper Similkameen Indian Band's financial statements include:

1. Upper Similkameen Indian Band Operating Fund
2. Upper Similkameen Indian Band Social Housing Fund
3. Upper Similkameen Indian Band Capital Fund
4. Upper Similkameen Indian Band Trust Fund
5. Upper Similkameen Indian Band Enterprise Fund

Organizations accounted for on a modified equity basis include:

6. StuWix Resources Joint Venture (12.5% interest)
7. StuWix Resources Ltd. (12.5% interest)
8. All Nations Trust Company Group (portfolio investment)
9. Vermilion Forks Community Forest Corporation (33.33% interest)
10. First Nation Management Solutions Limited Partnership (50% interest)
11. Chuchwayha Forestry Limited Partnership (99.99% interest)

#### (c) Fund Accounting

The Upper 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.

# UPPER SIMILKAMEEN INDIAN BAND

---

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) 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.

#### (e) Segments

The Upper Similkameen Indian Band conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the Upper Similkameen Indian Band'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.

#### (f) Cash

Cash and cash equivalents include cash on hand and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

#### (g) 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 Capital Assets.

# UPPER SIMILKAMEEN INDIAN BAND

---

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) 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 Upper Similkameen Indian Band's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Buildings and rental housing	20 years Straight line
Automotive	7 years Straight line
Equipment	7 years Straight line
Office equipment and furniture	7 years Straight line

\*Social Housing assets acquired under C.M.H.C. sponsored housing programs are being depreciated at a rate equal to the principal reduction on the mortgage of the assets.

Tangible capital assets are written down when conditions indicate that they no longer contribute to Upper 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.

#### (i) Replacement Reserve

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

#### (j) 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.

#### (k) 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."

# UPPER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 2. RESTRICTED CASH

Replacement Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Housing Program must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account with any interest earned to be credited as revenue to the Replacement Reserve Fund.

As at the year end date, the Fund is underfunded by \$15,369 (2015 - \$95,751).

Operating Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Program is to set aside any surplus revenue to an operating reserve for the purpose of meeting future requirements of income listed occupants over and above the maximum federal assistance. The Fund may be replenished to its original limit from subsequent operating surpluses.

As at the year end date, the Fund is underfunded by \$14,549 (2015 - \$85,192).

Ottawa Trust Funds:

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	2016	2015
Replacement Reserve Fund - restricted cash	\$ 215,071	\$ 117,276
Operating Reserve Fund - restricted cash	120,508	33,313
Ottawa Trust Funds - restricted cash	342,450	336,087
	<b>\$ 678,029</b>	<b>\$ 486,676</b>

### 3. ACCOUNTS RECEIVABLE

	2016	2015
Accounts receivable - general	\$ 475,996	\$ 565,703
Allowance for doubtful accounts	(142,731)	(23,431)
	<b>\$ 333,265</b>	<b>\$ 542,272</b>

### 4. ADVANCES TO RELATED PARTIES

	2016	2015
First Nation Management Solutions	\$ 85,000	\$ 25,000
Upper Similkameen Economic Dev. Corp.	(19,913)	(19,913)
Chuchuwayha Forestry Limited Partnership	(53,887)	(54,147)
	<b>\$ 11,200</b>	<b>\$ (49,060)</b>

Advances to related parties are unsecured, bear no interest and are repayable on demand.

# UPPER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 5. FUNDS HELD IN TRUST

The claim by the Nation and certain band members for compensation from the British Columbia Ministry of Highways was settled for \$293,550 of which the Nation's share was \$188,096. In 2001 the funds were disbursed as follows:

To Band Members	50,920
To the Nation's Ottawa Trust Account	37,030

The remaining amount of \$205,600, of which the Nation's share is \$151,066, is held in trust for the Nation by the Nation's solicitors. According to legal counsel the Nation must transfer the full settlement amount to the Receiver General of Canada to be held in trust in accordance with Section 35 of the Indian Act. Accordingly, the amount has been transferred to the Nation's Operating fund and the appropriate amount of surplus has been restricted pending a final payout to the Receiver General of Canada.

### 6. LONG-TERM INVESTMENTS

	2016	2015
Investment in Non-Controlled Entities		
All Nations Trust Company Group - shares at fair market value	\$ 11,151	\$ 190,661
First Nation Management Solutions Limited Partnership	52,257	42,286
StuWix Resources Ltd. and StuWix Resources Joint Venture	493,848	381,306
Vermilion Forks Community Forest Corporation	313,205	192,736
	<b>\$ 870,461</b>	<b>\$ 806,989</b>

### 7. LONG-TERM DEBT

	2016	2015
All Nations Trust Company loan, payment of \$510.40, per month including interest at 1.39% per annum, maturing March 1, 2020, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.	\$ 23,819	\$ 29,520
All Nations Trust Company loan, payment of \$1,609.64, per month including interest at 1.65% per annum, maturing May 1, 2022, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.	113,196	130,491
All Nations Trust Company loan, payment of \$1,121.53 per month including interest at 2.63% per annum, maturing June 1, 2026, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.	120,891	131,034
All Nations Trust Company loan, payment of \$928.98 per month including interest at 1.53% per annum, maturing November 1, 2027, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.	119,071	128,322
All Nations Trust Company loan, payment of \$939.48 per month including interest at 1.12% per annum, maturing February 1, 2035, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.	192,140	201,206
Parker Pacific Equipment Sales loan, repayable in 9 monthly instalments of \$9,390 and 3 monthly instalments of \$500 per annum including interest at 1.9% per annum to July 2015, secured by certain equipment.	-	10,826

# UPPER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 7. LONG-TERM DEBT, continued

	2016 \$	2015 \$
Parker Pacific Equipment Sales loan, repayable in monthly instalments of \$13,890 including interest at prime rate plus 2% per annum to December 2017, secured by certain equipment.	202,507	318,041
Caterpillar loan, repayable in monthly instalments of \$9,158 including interest at 3.27% per annum to November 2018, secured by certain equipment.	200,896	275,080
	<b>\$ 972,520</b>	<b>\$ 1,224,520</b>

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

2017	\$ 248,152
2018	213,933
2019	98,620
2020	54,750
2021 and thereafter	357,065
	<b>\$ 972,520</b>

### 8. ACCUMULATED SURPLUS

	2016	2015
Unrestricted		
Operating Fund	\$ 2,087,628	\$ 1,383,348
Capital Fund	1,704,722	1,729,729
	<b>3,792,350</b>	<b>3,113,077</b>
Restricted		
Social Housing	845,126	811,161
Ottawa Trust Fund	342,450	336,087
Enterprise Fund	870,461	806,989
	<b>2,058,037</b>	<b>1,954,237</b>
	<b>\$ 5,850,387</b>	<b>\$ 5,067,314</b>

### 9. CONTINGENT LIABILITIES

#### a) Aboriginal Affairs and Northern Development Canada

Under the terms of the contribution agreements with Aboriginal Affairs and Northern Development Canada and other governmental departments, certain surpluses may be repayable to the government and certain deficits may be reimbursable to the Band.

# UPPER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 10. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization				
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2016 net book value
Land	\$ 19,284	\$ -	\$ 19,284	\$ -	\$ -	\$ -	\$ -	\$ 19,284
Buildings	1,377,708	-	1,377,708	738,078	58,200	-	796,278	581,430
Automotive	216,922	-	216,922	191,381	5,160	-	196,541	20,381
Automotive - Forestry	141,826	29,499	171,325	128,752	4,286	-	133,038	38,287
Equipment - Forestry	2,230,210	133,325	2,363,535	764,241	321,879	-	1,086,120	1,277,415
Equipment - Snaza'ist Mascot Mine	12,348	-	12,348	9,549	1,435	-	10,984	1,364
Equipment	133,821	-	133,821	124,279	3,713	-	127,992	5,829
Social Housing	1,577,274	-	1,577,274	471,421	53,950	-	525,371	1,051,903
Leasehold Improvements	-	7,000	7,000	-	700	-	700	6,300
	\$ 5,709,393	\$ 169,824	\$ 5,879,217	\$ 2,427,701	\$ 449,323	\$ -	\$ 2,877,024	\$ 3,002,193

	Cost			Accumulated amortization				
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2015 Net book value
Land	\$ 19,284	\$ -	\$ 19,284	\$ -	\$ -	\$ -	\$ -	\$ 19,284
Buildings	1,377,708	-	1,377,708	679,871	58,207	-	738,078	639,630
Automotive	216,922	-	216,922	186,221	5,160	-	191,381	25,541
Automotive - Forestry	141,826	-	141,826	190,793	13,775	(75,816)	128,752	13,074
Equipment - Forestry	2,230,210	-	2,230,210	523,093	241,148	-	764,241	1,465,969
Equipment - Snaza'ist Mascot Mine	12,348	-	12,348	8,113	1,436	-	9,549	2,799
Equipment	133,821	-	133,821	119,199	5,080	-	124,279	9,542
Social Housing	1,577,274	-	1,577,274	422,282	49,139	-	471,421	1,105,853
	\$ 5,709,393	\$ -	\$ 5,709,393	\$ 2,129,572	\$ 373,945	\$ (75,816)	\$ 2,427,701	\$ 3,281,692



# UPPER SIMILKAMEEN INDIAN BAND

---

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 11. COMPARATIVE AMOUNTS

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

### 12. ECONOMIC DEPENDENCE

Upper 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 Lower Nicola Indian Band and Aboriginal Affairs and Northern Development Canada. It is expected that the agreement will be renewed on an annual basis.

The Band 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.

### 13. SEGMENTED INFORMATION

As previously discussed in note 1 (e) the First Nation conducts its business through reportable segments as follows:

The Band Programs department is responsible for administering projects the Band 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.

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.

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.

The Health department oversees the delivery of health programs and initiatives for the betterment of the lives of the members of the First Nation.

Job Creation supports the development of employment opportunities for members of the First Nation.

Capital Projects manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nation's infrastructure.

Social Housing is responsible for the administration and management of Social Housing units.

Other operations include Capital Fund, Ottawa 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.

# UPPER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 13. SEGMENTED INFORMATION, continued

	Band Administration			Capital			Economic Development		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
Revenues									
Indigenous and Northern Affairs Canada	\$ -	\$ 143,714	\$ 113,776	\$ -	\$ 20,307	\$ 30,806	\$ -	\$ 85,000	\$ 10,000
Logging income	-	-	-	-	-	-	-	2,004,276	2,001,088
General income	-	457,234	697,076	-	-	-	-	519,529	235,336
Province of BC	-	498,197	180,177	-	-	-	-	-	-
Equipment rental income	-	-	-	-	-	-	-	361,693	12,641
Administration fee	-	144,784	63,780	-	-	-	-	52,591	-
Rental Income	-	14,375	20,455	-	-	-	-	1,560	-
Other revenue	-	75,824	74,617	-	-	-	-	35,324	77,132
Total revenue	-	1,334,128	1,149,881	-	20,307	30,806	-	3,059,973	2,336,197
Expenses									
Miscellaneous	-	3,225	1,633	-	-	-	-	-	-
Principal payments on loans	-	-	-	-	-	-	-	370,368	478,461
Professional fees	-	55,251	54,145	-	-	-	-	13,168	15,910
Travel	-	9,497	10,514	-	-	-	-	13,522	9,725
Utilities and telephone	-	12,109	12,356	-	10,162	11,933	-	16,369	10,845
Wages and benefits	-	114,812	112,785	-	-	-	-	975,703	824,379
Other expenses	-	574,724	362,494	-	27,348	20,675	-	1,484,369	1,097,465
Total expenses	-	769,618	553,927	-	37,510	32,608	-	2,873,499	2,436,785
Annual surplus (deficit)	\$ -	\$ 564,510	\$ 595,954	\$ -	\$ (17,203)	\$ (1,802)	\$ -	\$ 186,474	\$ (100,588)

# UPPER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 13. SEGMENTED INFORMATION, continued

	2016 Budget	Health 2016 Actual	2015 Actual	2016 Budget	Education 2016 Actual	2015 Actual	2016 Budget	Social Assistance 2016 Actual	2015 Actual
Revenues									
Indigenous and Northern Affairs Canada	\$ -	\$ -	\$ -	\$ -	\$ 51,802	\$ 47,227	\$ -	\$ 91,107	\$ 86,958
General income	-	52,492	34,261	-	-	-	-	-	-
First Nations Health Authority	-	181,140	210,468	-	-	-	-	-	-
Other revenue	-	-	-	-	6,514	9,000	-	-	-
Total revenue	-	233,632	244,729	-	58,316	56,227	-	91,107	86,958
Expenses									
Miscellaneous	-	-	1,350	-	-	-	-	-	-
Travel	-	22,427	16,654	-	2,943	3,247	-	1,340	3,649
Utilities and telephone	-	40	-	-	-	-	-	1,832	-
Wages and benefits	-	106,348	71,384	-	14,760	3,786	-	19,737	35,791
Other expenses	-	130,268	100,417	-	50,416	54,154	-	62,445	49,928
Total expenses	-	259,083	189,805	-	68,119	61,187	-	85,354	89,368
Annual surplus (deficit)	\$ -	\$ (25,451)	\$ 54,924	\$ -	\$ (9,803)	\$ (4,960)	\$ -	\$ 5,753	\$ (2,410)

# UPPER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 13. SEGMENTED INFORMATION, continued

	2016 Budget	Social Housing 2016 Actual	2015 Actual	2016 Budget	Capital Fund 2016 Actual	2015 Actual	2016 Budget	Ottawa Trust Fund 2016 Actual	2015 Actual
Revenues									
Administration fee	\$ -	\$ 6,022	\$ 11,630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rental Income	-	86,465	77,466	-	-	-	-	-	-
Other revenue	-	39,558	38,998	-	-	-	-	6,363	7,244
Total revenue	-	132,045	128,094	-	-	-	-	6,363	7,244
Expenses									
Amortization	-	53,950	49,139	-	395,375	324,805	-	-	-
Professional fees	-	6,000	21,450	-	-	-	-	-	-
Utilities and telephone	-	3,579	2,529	-	-	-	-	-	-
Other expenses	-	34,551	27,444	-	-	-	-	-	-
Total expenses	-	98,080	100,562	-	395,375	324,805	-	-	-
Other items	-	33,965	27,532	-	(395,375)	(324,805)	-	6,363	7,244
	-	-	(57,148)	-	370,368	478,461	-	-	-
Annual surplus (deficit)	\$ -	\$ 33,965	\$ (29,616)	\$ -	\$ (25,007)	\$ 153,656	\$ -	\$ 6,363	\$ 7,244

# UPPER SIMILKAMEEN INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 13. SEGMENTED INFORMATION, continued

	2016 Budget	Enterprise Fund 2016 Actual	2015 Actual	2016 Budget	Consolidated totals 2016 Actual	2015 Actual
Revenues						
Indigenous and Northern Affairs Canada	\$ -	\$ -	\$ -	\$ -	\$ 391,930	\$ 288,767
Logging income	-	-	-	-	2,004,276	2,001,088
General income	-	-	-	-	1,029,255	966,673
Province of BC	-	-	-	-	498,197	180,177
Equipment rental income	-	-	-	-	361,693	12,641
Administration fee	-	-	-	-	203,397	75,410
First Nations Health Authority	-	-	-	-	181,140	210,468
Rental Income	-	-	-	-	102,400	97,921
Other revenue	-	63,472	(433,331)	-	227,055	(226,340)
Total revenue	-	63,472	(433,331)	-	4,999,343	3,606,805
Expenses						
Amortization	-	-	-	-	449,325	373,944
Miscellaneous	-	-	-	-	3,225	2,983
Principal payments on loans	-	-	-	-	370,368	478,461
Professional fees	-	-	-	-	74,419	91,505
Travel	-	-	-	-	49,729	43,789
Utilities and telephone	-	-	-	-	44,091	37,663
Wages and benefits	-	-	-	-	1,231,360	1,048,125
Other expenses	-	-	-	-	2,364,121	1,712,577
Total expenses	-	-	-	-	4,586,638	3,789,047
Other items	-	63,472	(433,331)	-	412,705	(182,242)
Annual surplus (deficit)	\$ -	\$ 63,472	\$ (433,331)	\$ -	\$ 783,073	\$ 239,071

# UPPER SIMILKAMEEN INDIAN BAND

## OPERATING FUND

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

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash	\$ 1,620,034	\$ 833,236
Accounts receivable	333,265	542,272
Funds held in trust	151,066	151,066
Due from Social Housing Fund	252,656	304,985
Due from related parties	11,200	-
	<b>2,368,221</b>	<b>1,831,559</b>
<b>LIABILITIES</b>		
Accounts payable	149,232	266,517
Due to Capital Fund	157,836	157,836
Advances to related parties	-	49,060
	<b>307,068</b>	<b>473,413</b>
Net financial assets	<b>2,061,153</b>	<b>1,358,146</b>
<b>NON-FINANCIAL ASSETS</b>		
Inventory	6,017	6,017
Prepaid expenses	20,458	19,185
	<b>26,475</b>	<b>25,202</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 2,087,628</b>	<b>\$ 1,383,348</b>













# UPPER SIMILKAMEEN INDIAN BAND

## FINANCIAL POSITION GROUP07

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

	2016	2015
<b>FINANCIAL ASSETS</b>		
<b>LIABILITIES</b>		
	\$ -	\$ -
<b>ACCUMULATED SURPLUS</b>	<b>\$ -</b>	<b>\$ -</b>

# UPPER SIMILKAMEEN INDIAN BAND

## FINANCIAL POSITION GROUP08

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

	2016	2015
<b>NON-FINANCIAL ASSETS</b>		
Capital assets	\$ 1	\$ 1
<b>ACCUMULATED SURPLUS</b>	<b>\$ 1</b>	<b>\$ 1</b>

# UPPER SIMILKAMEEN INDIAN BAND

## FINANCIAL POSITION GROUP09

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

	2016	2015
<b>FINANCIAL ASSETS</b>		
Ottawa Trust Funds - Revenue	\$ 110,595	\$ 104,232
Ottawa Trust Funds - Capital	231,855	231,855
<b>ACCUMULATED SURPLUS</b>	<b>\$ 342,450</b>	<b>\$ 336,087</b>

# UPPER SIMILKAMEEN INDIAN BAND

## ENTERPRISE FUND

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

	2016	2015
<b>NON-FINANCIAL ASSETS</b>		
Investments, Loans and Advances to First Nation Controlled Entities	\$ 870,461	\$ 806,989
<b>ACCUMULATED SURPLUS</b>	<b>\$ 870,461</b>	<b>\$ 806,989</b>